

Criminals posing as Mexican journalists found guilty of drug trafficking and money laundering - 19 December 2012

Eighteen Mexicans who posed as journalists from Mexico's biggest TV network, Televisa, have been found guilty of organised crime by a court in Nicaragua. They were arrested in August 2012 as they tried to cross into Nicaragua in six vans, some painted with Televisa logos. They said that they had been sent to cover a high-profile murder trial but could not explain the US\$9.2 million [about £5.6 million] in cash that police found in their vehicles. Televisa said that it had not sent any journalists to Nicaragua to cover the trial of people accused of involvement in the 2011 murder of Argentine folk singer Facundo Cabral. Judge Edgard Altamirano said that the seventeen men and one woman (allegedly the leader of the group) were guilty of drug trafficking, money laundering and organised crime: "The way they stashed the cash in the vehicles with the Televisa logos, the large amount of money, that's the typical way members of organised crime act." The defendants will be sentenced on 18 January 2013, with prosecutors seeking the maximum of thirty years.

Money launderer loses human rights appeal - 19 December 2012

James Kinloch, who claimed that police had violated his human rights, has lost an appeal against a money laundering conviction. Kinloch was jailed for 30 months in 2010 over his role in a scheme to launder about £150,000 through bureaux de change, along with his son and another man. Kinloch claimed that police surveillance prior to his arrest was a violation of his right to respect for his private life, but the UK Supreme Court has ruled that he was not entitled to keep the criminal nature of his activity private. In a written ruling, Lord Reed said: "This court [has to consider] whether Mr Kinloch had a reasonable expectation of privacy while he was in public view as he moved between his car and the block of flats where he lived and engaged in his other activities that day in places that were open to the public. There is nothing to suggest that he could reasonably have had any such expectation of privacy. He engaged in these activities in places where he was open to public view by neighbours, by persons in the street or by anyone else who happened to be watching what was going on. He took the risk of being seen and of his movements being noted down. The criminal nature of what he was doing, if that was what it was found to be, was not an aspect of his private life that he was entitled to keep private. Since there was no breach of Mr Kinloch's rights by the police when they carried out their observations, it follows that there cannot have been any breach of his right to a fair trial when the prosecution led evidence of the results of those observations."

Husband and wife jailed for organising illegal immigration - 19 December 2012

Arya Bina has been sentenced to nine years in prison for facilitating illegal immigration. Bina was the self-proclaimed leader of an Iranian opposition political party in exile – the United Iranian Party (UIP) – and was paid substantial sums of money by people wishing to reach the UK from the continent. Bina arranged for the migrants to be given false identity and travel documents, and himself travelled to Europe on more than one occasion to assist migrants on the final leg of their journey. Although neither Bina nor his wife Monir Asemani had any record of paid employment, they were able to drive BMW and Mercedes cars, and Asemani had set up a beauty salon. Between them, they operated at least 21 bank accounts – none in the name of the UIP – and between 2007 and 2011 these accounts received unexplained payments in excess of £500,000. Asemani was given a two-and-a-half-year prison sentence. SOCA's Regional Head of Investigations, Paul Jenkins, said: "Arya Bina made a career of breaking the immigration laws of the UK, funding the comfortable lifestyle he and his wife enjoyed by taking large amounts of money from migrants."

Five more jail sentences in forced labour case - 19 December 2012

Five more members of the Connors traveller family have been found guilty of conspiracy to require a person to carry out forced or compulsory labour between April 2010 and March 2011, and sentenced to terms of imprisonment. William Connors, his wife Breda, their sons John and James and their son-in-law Miles Connors beat their victims and forced them to work for as little as £5 a day, in Gloucestershire, Leicestershire and Nottinghamshire. They would pick up the men – often homeless drifters or addicts – to work for them as labourers. The victims lived in poor conditions in caravans on traveller sites while they worked for the Connors' paving and patio businesses. Some of the men – referred to as "dossers" by the Connors – had worked for the family for nearly two decades. William was described by some of the workers as the "drill sergeant, big boss or the daddy" while his wife was the "banker", collecting the money from the forced workers' state benefits. Some of the victims were also ordered by the family to perform tasks, such as emptying the buckets used as toilets by the family. Many were beaten, hit with broom handles, belts, a rake and shovel, and punched and kicked. On one occasion a worker had a hosepipe pushed down his throat and they were often made to strip for a "hosing down session" with freezing water. The men were given so little food that they resorted to scavenging from dustbins at supermarkets; they also salvaged clothing from bins and used a bucket or woodland as a toilet. Meanwhile, the Connors lived in luxury caravans fitted with top-of-the-range kitchens and flat-screen televisions, took holidays in Tenerife and Mexico and drove cars such as a Mercedes and a Rolls Royce. They bought a caravan park for more than £500,000 and had a similar amount of money in bank accounts. William Connors was jailed for 6½ years, Breda for two years and three months, John for four years and Miles for three years; James was sentenced to three years in a young offenders' institution.

Financial Services Bill gets Royal Assent - 19 December 2012

The Financial Services Bill has received Royal Assent and thereby has become the Financial Services Act. The Act will come into force on 1 April 2013 and:

- gives the Bank of England responsibility for protecting and enhancing financial stability
- abolishes the Financial Services Authority (FSA) and creates instead the Financial Policy Committee, the Prudential Regulation Authority and the Financial Conduct Authority
- empowers authorities to look beyond 'tick-box' compliance and fosters a regulatory culture of judgment, expertise and proactive supervision.

The Government will bring forward secondary legislation early in 2013, in advance of the launch of the new authorities.

HSBC in Argentina fined £3.75 million for AML failings - 16 December 2012

HSBC Bank Argentina SA has been fined 30 million pesos [about £3.75 million] for failing to report suspicious transactions. Specifically, the Argentine subsidiary of global banking group HSBC failed to disclose a US\$3 million transaction by a bread bakers' association, in what regulatory officials say was a clear-cut case of money laundering. Officials said the sum said should have raised red flags at HSBC, given the group's relatively modest "profile": "The amount of transactions investigated was 5,800% higher than the amount of total income declared by the association for the years 2005 to 2006."

California woman fined for laundering political contribution - 13 December 2012

Ana Maria Gonzalez Ibarra has been fined US\$10,000 [about £6,200] for contributing \$600 to a mayoral campaign in other people's names. Ibarra – who worked at a Macy's department store in Chula Vista, California as a saleswoman – contributed \$300 to councilman Steve Castaneda's unsuccessful 2010 mayoral campaign in her own name, and then asked two friends to each make a donation of \$300 for which she reimbursed them. She was fined by the Fair Political Practices Commission (FPPC) for laundering money in order to exceed the \$300 local contribution limit in place at the time. According to FPPC documents: "Making a contribution in another person's name is [serious] because it denies the public of information about where a candidate receives his or her financial support." California law mandates that "no contribution shall be made, directly or indirectly, by any person in a name other than the name by which such person is identified for legal purposes," in order to ensure that voters are fully informed.

Cayman Islands leader arrested during corruption investigation - 11 December 2012

McKeeva Bush, the premier (head of government) of the Cayman Islands, has been arrested as part of a corruption investigation. He has been charged with misuse of a government credit card and importing explosive materials, and is currently detained in police custody. Bush has been in power since his United Democratic Party (UDP) won general elections in 2009, and was also leader of the islands' government between November 2001 and May 2005. As well as being premier, Bush is also minister of finance, tourism and development.

HSBC to pay US\$1.9 billion for AML failings - 11 December 2012

HSBC has confirmed that it is to pay the US authorities \$1.9 billion [about £1.2 billion] to settle claims that the UK-based bank helped launder money belonging to drug cartels and nations under US sanctions. Earlier in 2012, after a US Senate investigation, HSBC admitted having poor money laundering controls, and set aside \$1.5 billion to cover the costs of any settlement or fines. The bank said that it has spent \$290 million on improving its systems to prevent money laundering, and clawed back some bonuses paid to senior executives in the past. HSBC group chief executive Stuart Gulliver said: "We accept responsibility for our past mistakes. We have said we are profoundly sorry for them, and we do so again." The allegations made against the bank were that HSBC accounts in Mexico and the US were being used by drug barons to launder money, and that the bank regularly circumvented restrictions on dealings with Iran, North Korea, and other states subject to US sanctions. HSBC has appointed Bob Werner – formerly head of the Office of Foreign Assets Control in the US – as its first-ever head of financial crime compliance. He will be responsible for strengthening HSBC's AML and sanctions compliance systems.

Standard Chartered makes further settlements for US sanctions breaches - 10 December 2012

UK-based bank Standard Chartered has announced further settlements around charges that it violated US sanctions on Iran, Burma, Libya and Sudan. It will pay US\$100 million [about £62 million] to the Federal Reserve and \$227 million to the Department of Justice. (The Office of Foreign Assets Control enacted a settlement of \$132 million as well, but this "is deemed satisfied by the forfeiture announced by the Department of Justice".) The bank has already paid \$340 million to New York's Department of Financial Services. Standard Chartered said that the issues in question took place primarily between 2001 and 2007 and that the settlement was the result of "nearly three years of intensive co-operation with regulators and prosecutors... In the more than five years since the events giving rise to today's settlements, the bank has completed a comprehensive review and

upgrade of its compliance systems and procedures.” Under the cease and desist order issued by the Fed, “Standard Chartered must improve its program for compliance with US economic sanctions, Bank Secrecy Act, and anti-money-laundering requirements – the UK’s Financial Services Authority, the home country supervisor of Standard Chartered, has agreed to assist the Federal Reserve in the supervision of the cease and desist order”.

Drug trafficker ordered to pay back £1.8 million - 10 December 2012

Jailed drug dealer Akbar Bukhari has been ordered to pay back £1.8 million. The Serious Organised Crime Agency (SOCA) has been granted a Confiscation Order against Bukhari, who was jailed for eighteen years. If he defaults on the order he will have to serve an additional ten years in prison while still being liable for the money owed. Bukhari trafficked at least 420kg of heroin between January 2007 and May 2009, and used the knowledge acquired during his time as a business student to keep a detailed ledger of his complex criminal enterprises. Sarah Goodall, SOCA’s Regional Head of Investigations, said: “Our warning to other criminals in Birmingham and across the UK is clear: if you get involved in organised crime, expect SOCA to make you pay for it with your freedom and your finances. Our work does not stop here though because when criminals come onto SOCA’s radar they stay on it. A Serious Crime Prevention Order has been granted which will make it more difficult for Bukhari to re-offend when he’s eventually released from prison. The order will limit how much cash Bukhari can possess as well as restrict his use of cars, premises, computers and mobile phones.”

Garlic fraudster sentenced to six years in prison - 10 December 2012

Murugasan Natarajan has been sentenced to six years in prison for evading around £2 million in customs duty while importing Chinese garlic. Natarajan, who is now on the run, claimed he was importing ginger – which is free of duty – but HM Revenue and Customs (HMRC) investigators found that the containers used were transported at the wrong temperature. HMRC launched an investigation into Murugasan Natarajan, who owned the London-based Perfect Imports & Exports Limited, and his assistant Lakshmi Suresh after UK Border Agency officers found more than 7,000 tons of garlic. HMRC checked shipping records and discovered that Natarajan’s imports of garlic had stopped but his importations of fresh ginger had increased five-fold. Moreover, the temperature in the containers was too cold for ginger – but perfect for garlic. Natarajan was arrested in April 2011, and was tried in his absence after failing to surrender to bail. During a search of his property, almost £150,000 in cash was seized. Suresh pleaded guilty to her role in the fraud, and has been sentenced to twelve months in prison, suspended for twelve months, and ordered to pay £10,000 compensation to HMRC.

Wife of drug dealer sent to prison for money laundering - 9 December 2012

Svetlana Lim, from Washington State, has been sentenced to five years in prison and five years of supervised release for laundering the proceeds of her

husband's drug dealing. In May 2012, Drew Yim was sentenced to fifteen years in prison for leading a drug conspiracy that distributed a variety of illegal drugs from Mexico to Canada and east across the US. Svetlana handled the laundering, mainly by purchasing property and cars in the names of other people, and buying jewellery and other luxury items. She also used 17 different bank accounts, and on one day purchased 22 different money orders at three different Safeway stores to avoid reporting laws on cash transactions over US\$10,000. As well as their prison sentences, the Yims have also been ordered to forfeit \$1.4 million [about £875,000] in cash that was seized during the course of the investigation, six vehicles, a boat, fourteen properties and four Rolex watches.

Israel tightens controls and penalties on currency exchange transactions - 8 December 2012

A court in Tel Aviv has convicted the founder of a financial services firm of money laundering, for offences that had previously been considered only disciplinary misconduct. Benzion Luze was given a suspended sentence of six months in prison, fined ILS 50,000 [about £8,125] and ordered to forfeit ILS 200,000. Luze ran Amit Liam Trade and Holdings from January 2008 to March 2010, and during that time he received cheques from clients which he would exchange either for cash or for company cheques. The clients generally came to Amit Liam as they needed funds immediately to pay off debts and would also pay a fee to Amit Liam for its service. Luze's unlawful activities involved at least 466 transactions and NIS 17 million, for which he – among other things – failed to apply enhanced due diligence when needed. Normally the registrar for currency exchange services applies only fines against offenders, but the Israeli state has decided to up the ante now that the use of currency exchange transactions has exploded – and criminal charges can now be brought against the individuals responsible. Luze's relatively light sentence was explained as a “transitional result” in the move toward criminal sanctions for offenders.

New corruption index published - 5 December 2012

World anti-corruption agency Transparency International has released the 2012 edition of its Corruption Perceptions Index. Taking top honours jointly are Denmark, Finland and New Zealand, followed closely by Sweden, Singapore and Switzerland. At the bottom of the index – ranked the most corrupt in the world – are Somalia, North Korea and Afghanistan. Also languishing in the sin bin are Sudan, Myanmar, Uzbekistan, Turkmenistan and Iraq. According to the press release: “Corruption continues to ravage societies around the world. Two thirds of the 176 countries ranked in the 2012 index score below 50, on a scale from 0 (perceived to be highly corrupt) to 100 (perceived to be very clean), showing that public institutions need to be more transparent, and powerful officials more accountable... Underperformers

in the Corruption Perceptions Index 2012 also include the Eurozone countries most affected by the financial and economic crisis.”

UK arms dealer sentenced to seven years in prison - 5 December 2012

In a follow-up to a story dated 26 October 2012, convicted illegal arms dealer Gary Hyde has been sentenced today for seven years for the illegal supply of 80,000 weapons and 32 million rounds of ammunition from China to Nigeria. Hyde was found guilty in October of helping to arrange the purchase and shipment of the guns, including AK47 assault rifles and Makarov pistols, along with ammunition from China to Nigeria, from his UK registered company, breaching UK trade controls. He intentionally ignored the requirement to have a licence and hid in excess of US\$1 million of commission payments on a \$10 million contract. The money was transferred to his offshore bank account Liechtenstein in an attempt to hide the proceeds of his crime. A timetable will now be set for confiscation proceedings.

PAYE fraudsters ordered to pay back the money or serve more time - 5 December 2012

Fourteen people, including a former tax official, have been ordered to pay back over £1 million for their part in a tax fraud. Michael Kitchen – a former administrative officer for HM Revenue & Customs (HMRC) – diverted £1.2 million in tax payments to his thirteen co-defendants. Kitchen and seven others were jailed for a total of 18½ years, and will serve more time in prison (and still owe the money) if they do not pay up. Four others received suspended sentences but will go to jail (and still owe the money) if they do not pay within the time specified; the remaining two have already paid. Kitchen’s job involved allocating payments made by businesses to their Pay As You Earn (PAYE) accounts. An investigation revealed that he had diverted a proportion from 158 payments to the tax accounts of his co-defendants, who were all friends or associates. He was dismissed in April 2009, during an internal investigation by HMRC.

Isle of Man introduces draft new anti-bribery legislation - 4 December 2012

The Isle of Man’s new Bribery Bill has received its first reading in the island’s parliament; if passed, it will replace the Corruption Act 2008. The Bribery Bill mirrors closely the UK’s Bribery Act 2010, and in particular will introduce a “failure to prevent bribery” offence for commercial organisations, subject to an “adequate procedures” defence. If the Bribery Bill is implemented as drafted it will also have extra-territorial jurisdiction – meaning that if an Isle of Man resident (individual or commercial organisation) commits a bribery offence anywhere in the world, including in the UK, then they will be at risk of prosecution on the island.

Boiler room fraud launderer ordered to pay back £320,882 - 4 December 2012

Michael McInerney has been ordered to pay £320,882 for his role in a major boiler room share fraud. McInerney acted as a banker for fraudulent share sales orchestrated by jailed boiler room operators Tomas, Kevin and Christopher Wilmot. The Wilmots controlled a syndicate that defrauded an estimated 1,700 investors out of £27.5 million; they were jailed in August 2011 for a total of 19 years. To put some distance between themselves and the money, the Wilmots enlisted McInerney. He opened bank accounts for three different companies – Rock Solid Asset Management, Worldwide Assets Limited and Universal Management Services – which were purportedly for property management purposes. In

reality they were set up with the sole purpose of receiving the proceeds of boiler room fraud. McInerney was found guilty of money laundering and sentenced to 4½ years in prison in April 2012. He must pay the £320,882 within six months or serve a further 3½ years (and still owe the money). The funds will be used to compensate the victims of the Wilmot fraud.

Pair sentenced for laundering through London bureau de change - 4 December 2012

In a follow-up to a story dated 22 October 2012, Binita Karnavat and her fiancé Manish Patel have been sentenced to terms in prison for laundering £9.2 million for drug dealers through their bureau de change. They kept illicit business off the books of the BK Forex Money Exchange in Shaftesbury Avenue in central London between April 2010 and April 2011; during that period, the bureau de change purchased £9.2 million worth of currency from various wholesale currency dealers but recorded less than £750,000 of business in its books. Karnavat was jailed for seven years, despite claiming that she had acted under duress from Patel, who was sentenced to four years in prison. Sentencing, Judge John Price said: "You both were involved in money laundering on a very, very substantial scale. Money laundering is prevalent- it is vital for criminals to succeed in getting rid of their money, and that is why it has to be treated so seriously."

Warrant issued for Scottish money launderer on the run - 30 November 2012

A warrant has been issued for the arrest of convicted money launderer Michael Voudouri after he failed to appear at the High Court in Glasgow for sentencing. He pleaded guilty in October 2012 to claiming back VAT on bogus transactions through Glasgow-based Q-Tech Distribution Limited, and laundering more than £10 million in illegal proceeds through bank accounts in Cyprus, Greece and Switzerland. He also admitted a separate charge of hiding £1.2 million of criminal cash while he was serving a sentence in HMP Glenochil. Voudouri's lawyer said: "I have tried to contact him without success and he has not contacted me. I have telephoned the family home and was told that he had gone to England to contact his English solicitors [but] the English solicitors said they have not heard from him. The last time I heard from him he was extremely depressed and in a low mood."

Bank VP jailed for over nine years for fraud and money laundering - 28 November 2012

Rhonda Devries – formerly vice president of operations at First Security Bank (FSB) in Malta, Montana – has been sentenced to 110 months in prison for bank fraud, credit card fraud and money laundering. She was also ordered to pay US\$3,811,221.52 [about £2.4 million] in restitution. Devries had large personal credit card debts, which she transferred from card to card, and in January 2001 she opened a fraudulent credit card account at FSB for which she could, by virtue of her position, approve and establish a high credit limit. In September 2001, she opened a second fraudulent credit card account, then a third in May 2009 and a fourth in June 2011. In April 2012 the credit card servicing company contacted FSB to report suspicious activity on three credit accounts; when confronted, Devries admitted responsibility. She

said that she used the fictitious credit cards to obtain cash advances which she would then use to purchase money orders made payable to herself, her creditors and other third parties. She also confirmed that she had taken meticulous steps in the monitoring and handling of the accounts to ensure that her frauds were not discovered. In charges, interest and fees, Devries defrauded the credit card company of about \$3,672,627. US Attorney Michael Cotter spoke of the impact of Devries' actions: "Rhonda Devries' betrayal of her employer is a particularly devastating and consequential crime. Small banks in Montana have always been the backbone of our commerce, and they struggle to maintain a place in their communities without the support of a national brand. The future of First Security Bank is uncertain – Devries' crimes have caused a grievous financial wound. When a community bank is forced out of business because of external economic forces or internal corruption, it is a sad day for our rural way of life."

Money launderer alleges police corruption - 28 November 2012

Money launderer Bhadresh Gohil is appealing against his conviction on the grounds that the investigation into him by the Metropolitan Police was corrupt. Gohil was jailed for ten years in 2010 for helping client James Ibori, a former Nigerian state governor, launder money that he had stolen from the Nigerian government. Ibori, who admitted money laundering and corruption and was jailed for thirteen years in April 2012, is also trying to use these allegations of police corruption to try to reduce the length of his sentence. Both he and Gohil are also fighting asset confiscation hearings relating to millions of pounds worth of property. In a further twist, Gohil also claims he has discovered that one of the jurors deciding his case was a "senior employee of the Department for International Development" – the government department that sponsored the investigation into Ibori.

Money laundering investigation launched in Sark and Guernsey - 24 November 2012

A large-scale money laundering investigation is taking place into the activities of two residents of Sark, one of the islands in the Bailiwick of Guernsey. Michael Doyle and his wife Belinda Lanyon appeared in court following a raid in Sark. Doyle was charged with operating a fiduciary business without a licence from 2004 to 2012 (having been refused a licence in 2004) and with perverting the course of justice by disposing of evidence, and Lanyon with perverting the course of justice. They were both remanded in custody. Prosecuting advocate Chris Dunford told the court: "It is suspected that [Doyle and Lanyon] are operating as nominee directors in three hundred companies". He also said that customs officers had placed a probe in the pair's vehicle and picked up Doyle saying, "Come on then let's get rid of this evidence - if they find it we'll be in trouble" and Lanyon commenting, "We need to put the papers down at Vazon - these are overflowing." Officers went to the Vazon bins but they had been emptied and only some documents were recovered.

Roofer jailed for ten years for drug dealing and money laundering - 24 November 2012

Kevin Baggott, a roofer by trade but also a “trusted member of a drugs gang” in Bedfordshire, has been jailed for ten years for drug dealing and money laundering. Police officers tracked him for months, and on two separate occasions saw him hand £123,000 in cash to a co-defendant, and found him in possession of cocaine worth £900,000. Baggott had already served an 11-year sentence in the 1990s for supplying cocaine and cannabis. His lawyer said that father-of-three Baggott earned only £8,000 a year as a roofer, living in a council house with “no trappings of wealth”, and “stupidly took the opportunity” to get involved with the drugs gang. Other members of the drug gang have already been jailed.

Norfolk man jailed for laundering the proceeds of rogue trader fraud - 23 November 2012

Trevor Nockolds from Norfolk has been jailed for 21 months for money laundering. Nockolds was a member of an organised crime group that committed rogue trader offences against the elderly and other vulnerable people in Cambridgeshire and six neighbouring counties, and in total he cashed cheques worth £23,700 for the gang. He told the court that he got involved after meeting a man called Mick in a pub, and sentencing judge Nicholas Coleman said: “It must have been manifestly obvious to you, if approached by a man in a pub to cash a cheque, there is something dishonest about the transaction.” The court accepted that Nockolds was not involved in the rogue trader frauds. Operation Magpie, a two-year joint operation by Cambridgeshire police and trading standards officers, revealed that Nockolds was one of several money launderers used by the group to convert cheques from the victims into cash by passing them through their own personal accounts.

Money launderer sent back to prison for failing to pay up - 21 November 2012

Shane Darlington, of Barnsley in South Yorkshire, has been jailed for a year for failing to meet the requirements of a confiscation order. In 2010, Darlington was found guilty of money laundering and sent to prison for two years. In 2011, a confiscation order was made against him, requiring him to repay £90,000 or go back to prison – but paid only £30,000. The judge heard that Darlington owns a house, and has failed to put it up for sale to meet his obligation. Once the balance of £60,000 is paid he will be released, but if he cannot pay or refuses to pay, then he will serve the full twelve months and the balance will still be outstanding on his release.

Drug dealer's wife ordered to sell family home - 21 November 2012

Helen Dawes, whose husband John was jailed for 24 years in 2005 for drug dealing and money laundering, is to lose the family home. The Crown Prosecution Service CPS used a confiscation order to seize John Dawes' assets, but his wife fought the order claiming that she

was not party to her husband's activities and that she had a 50% stake in the home, valued at £177,486. She said that her role was simply to look after the house and their son and to do the cooking while Dawes ran the finances. However, Mr Justice Collins said: "Mrs Dawes turned a blind eye to what was going on, not because she necessarily did not want to know, but because she took the view that her part was merely to run the home, look after her child and provide for her husband. It seems to me she has been shutting her eyes to what should have been obvious." The court heard that the Dawes had several bank accounts with significant sums of cash passing through – far in excess of what the couple legitimately earned. Dawes was estimated to have illegally earned £8,283,161 between 1997 and 2003, and in September 2008 he was ordered to pay back £355,000. Mrs Dawes has since moved in with her elderly father, and her son is over 18 and in full-time education.

Croatian former PM jailed for corruption and war profiteering - 20 November 2012

Croatian former prime minister Ivo Sanader has been sentenced to ten years in prison for taking millions of euros in bribes and profiting from war. Sanader, who served as prime minister from 2003 to 2009, was convicted of taking bribes from Hungarian energy giant MOL and an Austrian bank. Arrested while on the run in Austria, Sanader has denied all the charges, saying they were politically motivated, and his lawyers say that he will appeal. He was convicted of taking 5 million euros [about £4 million] in bribes from MOL to ensure it had a prevailing influence in Croatian oil and gas group INA, even though it did not hold a majority stake in the partly state-owned company. He was also convicted of profiteering during Croatia's 1991-95 war against rebel Serbs, taking almost 500,000 euros in bribes from Austrian Hypo Group Alpe Adria when he was deputy foreign minister.

Rochdale businessman jailed for laundering drug money - 19 November 2012

Ian Cole, a Rochdale businessman, has been jailed for 5½ years for fraud and money laundering. He has also been banned from being a company director for seven years, and there is an ongoing investigation into his finances. In 2008, Greater Manchester Police began investigating an gang of drug dealers in Oldham. The leader of the gang, Mohammed Farid, was jailed for 17 years and five months in June 2012. Cole's name was uncovered during the financial investigation; he ran numerous businesses in Rochdale, including three car leasing companies. He put money through his companies to help Farid purchase a café and other properties, and also put Farid onto the payroll of one of the car leasing companies, paying him £1,500 a month but giving him payslips showing £5,000 a month so that Farid could get a mortgage. Senior Financial Investigator Adrian Ladkin, said: "Cole was Farid's go-to-man who offered him a successful money laundering service. He willingly laundered hundreds of thousands of pounds of drugs money that allowed Farid to build up an impressive property portfolio."

Brazilian politician found guilty of laundering money in Jersey - 17 November 2012

Paulo Maluf, the former mayor of Brazil's largest city São Paulo, has been found guilty of stealing millions of dollars from public funds and diverting them to bank accounts in Jersey. According to the court's decision in Jersey, Maluf overcharged on construction projects and diverted the excess to the accounts of two companies linked to Maluf and his son Flavio, held at the Jersey branch of Deutsche Bank. Maluf made \$10.5 million [about £6.6 million] from issuing over-inflated invoices for construction work on an eight-lane highway in São Paulo during his term as mayor during the 1990s. The Jersey court has ordered Maluf to pay back the \$10.5 million plus interest to the authorities in São Paulo.

The son of Lebanese immigrants, Maluf was twice a candidate for the Brazilian presidency and currently serves as a Congressman for the right-wing Progressive Party. He and his son were jailed for several weeks in 2005 for intimidating witnesses in a money laundering case against them. He has also been indicted by a court in New York on money laundering charges and is on Interpol's red list, meaning he faces arrest if he leaves Brazil. He has denied having any offshore accounts and says that the Jersey ruling had no legal basis – he states that it is for the Brazilian justice system to determine whether there had been irregularities in the construction projects carried out there.

Guernsey former policeman and family jailed for drug trafficking and money laundering - 16 November 2012

Michael Falla, a former Guernsey police officer who served for twenty-five years, his wife Mandy and their sons Charles and Alex have been jailed for importing drugs worth £250,000 and laundering the proceeds. Michael and Mandy were each jailed for eight years, while Charles and Alex were given youth detention (eight years and three years eight months respectively). After a series of failed business ventures and the loss of the family home due to financial difficulties, the Fallas began importing the then "legal high" mephedrone from Jersey. The importation of the drug into Guernsey was banned in November 2009 and it was categorised as a Class B drug in April 2010, but the family continued to import it. Suspicions were first raised during a police search of the family's home on a different matter, in which a stun gun, pepper spray and batons were found in Charles's bedroom. Police also found £8,000 in cash, which the family said was earnings from the father's job as a taxi driver. A package containing mephedrone tablets was intercepted in May 2011 and by following its dummy replacement Guernsey Border Agency officers were led to Charles Falla and his friend Michael Le Huray. Le Huray was jailed for 3½ years in March 2012.

The parents had controlled the money side of the operation, laundering the cash and paying off their supplier in Jersey, but after Charles was arrested they took a bigger role in the business. In July 2011 customs officers intercepted them when they arrived on the car ferry from St Malo, and a sniffer dog found more than 1.5kg of synthetic cannabanoids, similar to cannabis resin, concealed in their car doors. Sentencing judge Dame Heather Steel told Michael and Mandy: "Neither of you has provided any reason or accepted any responsibility... your attitude to the proceedings in this court was of arrogance to your current situation. You assisted and encouraged your son Charles. [It's] incredible that you continued to be involved when your family was being investigated and your son Charles was in custody. Misfortune can never be an excuse for criminal activity." She told Michael Falla that he was

once a “distinguished member of the community” whose career had “ended in disgrace” and the “destruction of your family”.

Western Union agent in Kent sent to prison for laundering the proceeds of fraud - 15 November 2012

Peter Oyewor, an agent for Western Union, has been jailed for six years for money laundering. The court found that Oyewor had repeatedly “flouted the rules” to allow criminal funds to come into the UK and then be forwarded on to other countries. Between 2007 and 2010 he arranged money transfers totalling £1.3 million using false passport details. Instead of money being physically handed over to legitimate customers, Oyewor made up phantom customers and then simply forwarded the money electronically to another country. Many of the transfers originated from the USA, Canada, Australia and Europe and were then mostly sent on to Africa. Searches of his home uncovered copies of false passports and driving licences. Oyewor denied all charges, saying that all information had been given to him by genuine customers and he had no reason to suspect that any were acting unlawfully. Judge Jeremy Carey told Oyewor that he had “been convicted on the clearest evidence of money laundering – this case is in the high end of the bracket of serious offences of this kind, with determined offending over a substantial period of years.” Detective Sergeant Adrian Brown of Kent Police said: “Oyewor operated as a conduit to move vast quantities of money into the UK and then onto Nigeria. Oyewor was not the fraudster, but he played a significant role by laundering the funds.”

Small town comptroller pleads guilty to stealing \$53 million and laundering it - 15 November 2012

Rita Crundwell, former comptroller of the town of Dixon in Illinois (the boyhood home of Ronald Reagan), has pleaded guilty to defrauding the public purse of US\$53 million [about £33.4 million] and laundering the money by buying homes, cars, a boat and a horse-breeding business. Her thefts started in 1990, when she had been working for Dixon for seven years. She opened a secret bank account in the city’s name and started transferring money from other municipal accounts; she told city officials that any budget gaps were because the state was behind in its tax revenue payments to the city. In one instance cited in court as an example, in September 2009 Crundwell moved \$350,000 of city money to the secret account, and to conceal the move, she created a fake invoice from the State of Illinois for a sewer project in Dixon – in reality, she spent the money on a horse called Pizzazzy. Crundwell was arrested in April 2012 after co-workers had discovered the hidden account while she was on an extended, unpaid vacation in 2011. The authorities have been selling off assets that Crundwell bought with the stolen money, including 400 horses, more than a dozen trucks and trailers, sports cars, a boat, a motor home and numerous houses in Illinois and Florida. She now faces up to 20 years in prison and a fine of up to double the amount stolen; sentencing has been set for 14 February 2013.

Operation Stimtone targets London's financial criminals - 14 November 2012

The Metropolitan Police have conducted 360 raids as part of Operation Stimtone 2. About 1,300 officers are targeting gangs involved in money laundering, handling stolen goods, drug dealing, fraud and other economic crimes. So far police have arrested 175 people, and seized £348,000 (including £100,000 from one address in Essex), three BMW cars and two Mercedes. Cash sniffer dogs are being used to find hidden money. Metropolitan Police Commander Steve Rodhouse said: “Money is the main motivation for many criminals, be they heads of organised criminal networks, gang members or street-level offenders. The money they make from crime earns them status in the eyes of associates; it funds more crime and, for some, pays for them to lead luxurious lifestyles they do not deserve. When we take away

criminals' money, we take away a lot of their capability and motivation to commit crime." Operation Stimtone 1, in May 2012, resulted in 158 arrests and the seizure of £2.4 million in cash, a motorboat and designer watches.

Guernseyman sent to prison for drug trafficking and money laundering - 13 November 2012

Guernseyman Aynsley Domaille has been sentenced to five years in prison for drug trafficking and money laundering. Domaille was found guilty after a four-day trial of importing drugs worth more than £30,000. The Guernsey Border Agency first investigated Domaille in 2011 when he was found to have ordered illegal drugs from Jersey. Officers looked at his bank accounts and found several cash deposits that did not appear legitimate along with payments to a suspect Jersey bank account, coinciding with trips he took to the UK. It was revealed Domaille had drugs delivered to a hotel in the UK from where he would collect them before importing them into Guernsey for onward distribution. In September 2011, he was stopped by Guernsey Border Agency officers on his return from Spain, and was found to be carrying controlled drugs. Further drugs were found during a search of his home. Domaille tried to explain the money by saying that he dealt with a Jersey-based web company to order sex toys that he would export to Spain and sell, which accounted for his unexplained income, but evidence from the dispatching company produced invoices clearly showing the ordering of mephedrone tablets and not sex toys. Rob Prow, chief officer of the Guernsey Border Agency, said it was "a clear and premeditated case of a drug trafficker who was motivated by profit", and that Domaille used his criminal proceeds to commit more crime and fund a lifestyle he could not achieve by legitimate means. A confiscation hearing is due to be held at a later date.

Romanian football officials sent to prison for tax evasion and money laundering - 12 November 2012

A court in Bucharest has sentenced eight Romanian football officials to terms in prison for tax evasion and money laundering. The offences are in connection with the transfer of twelve players over a six-year period. Rapid Bucharest chairman George Copos was sentenced to five years in prison, Dinamo Bucharest executive chairman Cristi Borcea to seven years, and agents Ioan Becali and Victor Becali to eight and seven years respectively. The case involved players who were transferred from Dinamo, Rapid, Otelul Galati and Gloria Bistrita to foreign clubs between 1999 to 2005. Prosecutors say that the state lost RON 1.7 million [about £300,000] in revenue and tax and the clubs lost RON 10 million because the officials did not register the real values of the transfers in the books.

Jordanian ex-intelligence chief sent to prison for embezzlement and money laundering - 11 November 2012

Mohammed al-Dahabi, the ex-intelligence chief of Jordan, has been sentenced to 13 years and three months in prison for embezzlement of public funds, money laundering and abuse of office. Al-Dahabi was also ordered to pay 21 million Jordanian dinars [about £18.5 million] in fines to the state and to return the money he had embezzled and laundered during his 2005-2008 tenure as head of Jordanian intelligence – estimated at 24 million dinars. Judge Nashaat Akhras told al-Dahabi: "You deserve the harshest punishment for being a traitor to the people who trusted you with a government position and state funds." Al-Dahabi's lawyer said he will appeal the verdict. Al-Dahabi was arrested in February 2012 after inspectors from the Central Bank of Jordan suspected that transactions worth millions of dollars had gone

through his bank account. In 2003, Jordan sentenced another ex-intelligence chief, Sameeh al-Batikhi, to eight years in jail for forgery of state documents and abuse of office.

MoneyGram reaches settlement on allegations of fraud and money laundering - 9 November 2012

Prepayment services firm MoneyGram International Inc. has agreed to pay US\$100 million [about £63 million] to settle charges that certain of its US and Canadian agents defrauded tens of thousands of customers, and that it failed to maintain an effective anti-money laundering regime. The US Department of Justice (DoJ) has alleged that MoneyGram knew that some of its agents were “involved in a scheme to defraud” and that the victims were “fraudulently induced to send money” through MoneyGram. The schemes included promising victims they would receive large cash prizes and lottery winnings, falsely offering expensive items for sale online at deep discounts and falsely posing as a relative asking for money. The victims were directed to send advance payments to fictitious payees using MoneyGram’s money transfer system. These payees then brought the victims’ MoneyGram reference numbers to MoneyGram agents to withdraw money. The DoJ alleges that “MoneyGram agents knowingly entered false addresses, telephone numbers and personal identification document information for these transactions into the MoneyGram database” and that the agents “gave the perpetrators the victims’ money after subtracting their own fees for completing the fraudulent transaction”. Between 2004 and 2009, MoneyGram customers filed about 638,144 consumer fraud reports involving a total loss thanks to the scheme of \$128.4 million. When the company’s fraud department recommended that certain agents and outlets be terminated for fraud, their recommendations were rarely accepted and fraud skyrocketed. Three years ago, MoneyGram agreed to pay \$18 million to settle similar charges with the US Federal Trade Commission.

Chief Executive Pamela Patsley said that since 2009 MoneyGram has “created a new culture at the company and taken numerous steps to enhance our global compliance and anti-fraud programs”. She called the scheme “unacceptable to MoneyGram and counter to everything we strive to stand for [as we take] compliance very seriously at MoneyGram, and nothing angers us more than when our services are used to perpetrate illegal activity”. As part of this latest settlement, MoneyGram has agreed to the appointment of an independent compliance monitor.

Italy cracks cash-for-gold laundering scheme - 8 November 2012

Italian police have seized assets worth at least US\$200m [about £125 million] from a network of suspected gold smugglers after raiding more than 250 premises, and have frozen five hundred bank accounts. The gang of 118 people is suspected of smuggling the ingots into Switzerland after buying them on Italy’s black market with laundered money. According to police officer Alessandro Langella, “The money came illegally into Italy from Switzerland, and was used to buy fraudulently obtained gold and silver, then sent back to Switzerland in the form of ingots”. A villa near Arezzo (a major centre of the gold trade in Italy) has been confiscated, as police believe it to be a safe house where the gang hid gold bars and laundered money. Police also targeted high street shops set up to buy gold from the public. In times of economic trouble, an increasing number of Italians are turning to these shops to sell off their jewellery, and the number of such shops has quadrupled in the past two years to 28,000. However, criminals are also targeting the sector, thanks in part to poor regulation (only a minority have registered with the Bank of Italy), and there are concerns about the extent of mafia involvement.

City fraudster sent to prison for 13 years - 5 November 2012

Nicholas Levene, a City financier, has been jailed for 13 years for fraud. Levene took investors' money to buy shares on their behalf but spent it on luxury cars and yachts. His victims included Sir Brian Souter and his sister Ann Gloag (founders of Stagecoach), Richard Caring (owner of The Ivy and Le Caprice restaurants) and Russell Bartlett (director of the R3 Investment Group and former owner of Hull City Football Club). Levene carried out the fraud between 2005 and 2009; the amount attributed to his false accounting was £32,352,270 but after taking into account his customers' lost profits, the amount rose to £101,685,406. Although he was highly successful at his legitimate work, with an estimated personal wealth of £20 million in 2005, he was addicted to gambling and luxury. About £310 million of the money invested was paid out to investors to keep them temporarily happy, but Levene spent the rest of school fees, cars, luxury holidays for his family, yachts and properties, including a home in Israel. At one point he spent £588,000 on a family party. Condemning Levene's "rank dishonesty", Judge Martin Beddoe said: "You were responsible for a fraud on a massive scale with a huge panoply of aggravating features, well planned and professionally executed, involving huge sums and huge profits with multiple victims whose trust in you was grossly abused. It was committed over a long period, was well concealed and you took further steps to conceal it and further steps to hide profits from it. The outstanding losses of £100 million speak for themselves."

Credit card counterfeiter sent to prison for 25 years - 4 November 2012

Californian Christopher Aragon has been sentenced to 25 years in prison for leading a crime ring that stole thousands of personal identities for counterfeit credit cards used to buy high-end goods that were re-sold online. Seven others – including Aragon's wife Clara – were also given sentences ranging from one to seven years. Between March 2004 and April 2007, the gang obtained credit card numbers which they used to encode forged credit cards, and then bought designer handbags, jewellery, clothing and electronics at shops in California and Nevada, which they then resold on eBay and Craigslist. They were discovered when credit cards they used in Bloomingdale's were spotted as fakes. Searches of the homes of those involved turned up forged credit and gift cards, fake driving licences, a machine used to make credit cards, a hologram presser, and memory sticks containing thousands of hacked and stolen credit card numbers.

Drug cartel horses sold at auction - 3 November 2012

More than 300 horses that the US government says were purchased as part of a Mexican drug cartel's money laundering operation have been auctioned in Oklahoma City. Some of them had been bred from America's top racehorses, and the most prized horse – A Dash of Sweet Heat – sold for US\$1 million [about £625,000]. Mike Lemoine, a spokesman for the Internal Revenue Service's Criminal Investigation Division, acknowledged that seizing horses through forfeiture is somewhat unusual: "Generally, on something that lives and breathes, we're pretty cautious. But the defendants agreed to this sale, which eliminates most of the risk for potential buyers." Prosecutors say that the fifteen people charged in the case laundered millions of dollars in drug profits by trading in quarter horses (an American breed that excels at sprinting short distances of a quarter mile or less). Most of the horses in the auction were seized from a ranch in Oklahoma run by Jose Trevino Morales, the brother of leaders of the Zeta drug cartel in Mexico. Morales' attorney and family maintain that he is innocent and being unfairly linked to the criminal activity of his brothers. Although many of the horses had names like Big Daddy Cartel and Coronita Cartel, those names apparently refer to the horse's lineage as a descendant of noted sire Corona Cartel and not to the alleged activities of its previous owners.

33 Romanian officials and bankers accused of fraud and money laundering - 2 November 2012

Prosecutors in Bucharest have detained 33 government officials and bankers on suspicion of money laundering and defrauding Romania of about €22 million [about £17.5 million]. Among those arrested are three officials from the Ministry of Economy, Trade and the Business Environment, the deputy chairman of the French-owned Romanian Development Bank, and the chairman of a state fund that offers banks guarantees in exchange for business loans. On 1 November 2012, prosecutors raided fifty homes and offices in Bucharest, Giurgiu and Calarasi and questioned a hundred people. They allege that from 2010 to 2012, two people fraudulently obtained forty bank loans for fictitious businesses from sixteen branches of the Romanian Development Bank and Romania's state-owned CEC savings bank, underwritten by the state fund for small- and medium-sized EU businesses. Corruption is widespread in Romania, one of the poorest countries in the EU.

Allegations of large-scale money laundering in Iraq - 1 November 2012

A new report released by the US Special Inspector General for Iraq Reconstruction has revealed that auditors in Baghdad believe that of the US\$1 billion that leaves Iraq on a daily basis, \$800 million [about £500 million] lacks proper documentation. Abdul-Basit Turki, Iraq's lead auditor, told American officials last month about "what he called a triangle of sectarianism, corruption and violence, in which each element feeds off the others in a dynamic that threatens the well-being of the state". Turki's office is carrying out a probe into Iraq's central bank, alleging that most of the transactions from customers transferring money abroad have been based on fraudulent paperwork. Turki has been acting as the bank's interim chief since the governor Sinan al-Shabibi and other bank officials were ousted after being named as suspects in alleged financial wrongdoing within the bank.

Boston lawyer sentenced to 3½ years in prison for money laundering - 31 October 2012

Prominent Boston lawyer Robert George has been sentenced to 3½ years in prison for conspiracy, money laundering and structuring bank deposits to avoid government scrutiny. Sentencing judge Nathaniel Gorton said: "It is a sad day today for the entire legal profession, bench and bar alike". George was convicted in June 2012 of helping a former client launder US\$200,000 [about £125,000] in criminal profits, but still proclaimed his innocence just before he was sentenced: "I know it pains everyone that I am standing here, pleading for myself the way I have for clients for so many years. I only sought to do what I could for somebody who asked for help. It's hard to drive by the many courthouses that I have laboured in for so many years. My fall from grace has been long and hard." George was also fined \$12,500 and ordered to forfeit his Lexus and \$39,500. Ronald Dardinski, who secretly recorded conversations with George while working as a government informant, said that George had voluntarily offered to help him "clean" illicit profits and referred him to a mortgage broker who took 20% and split it with George.

Gold fraudster jailed for theft and money laundering - 29 October 2012

William Spalding of California, who stole US\$280,000 [about £175,000] from a woman in a fake gold investment scheme, has been sentenced to ten years in prison for theft and money laundering. He will also have to pay restitution and a fine totalling \$576,000. In March 2011 Spalding approached the woman, claiming to be an investor, and promised significant returns

if she bought gold from him. He received a total of \$280,000 from the woman in cash and wire transfers. But he did not buy any gold; instead, he deposited the money in several personal bank accounts and used it to buy a car and other personal items and to make mortgage payments.

Journalist arrested for publishing HSBC list in Greece - 28 October 2012

Kostas Vaxevanis, a Greek journalist, has been arrested and charged with breach of privacy after publishing a list of about 2,000 Greeks who hold accounts with HSBC in Switzerland. Vaxevanis says that the list is the same one that was originally leaked by an HSBC employee and handed over by then French finance minister Christine Lagarde to the Greek authorities two years ago. Some of those named on the list, said to include many prominent politicians and businessmen, are suspected of using the accounts for tax evasion, and many accuse the Greek government of trying to cover it up. "Instead of arresting the tax evaders and the ministers who had the list in their hands, they're trying to arrest the truth and freedom of the press," said Vaxevanis. The issue has angered Greeks already struggling with austerity measures, and reignited claims that tax evasion remains rife in Greece and that the authorities still are not serious about tackling it. Vaxevanis's trial will start on 1 November 2012 and he faces up to three years in prison.

Berlusconi sentenced to four years in prison for tax fraud - 26 October 2012

Former Italian Prime Minister Silvio Berlusconi has been sentenced to four years in prison for tax fraud. He was accused of buying US film rights at inflated prices via two offshore companies under his control, with prosecutors alleging that the excess money declared for the purchase of film rights was skimmed off to create illegal slush funds, thereby reducing tax liabilities for Berlusconi's Mediaset group. He has faced a number of trials connected to his business affairs, but has either been cleared or cases have run beyond the judicial time limit. As well as the prison sentence, Berlusconi was also ordered to pay €10 million [about £8 million] in damages and banned from holding public office for three years. He is expected to appeal; the jail term and the ban will take effect only if the sentence is upheld by a higher court. Three others were convicted alongside Berlusconi, including Hollywood producer Frank Agrama, who received a three-year sentence. Three were acquitted including Mediaset chairman Fedele Confalonieri, and four were cleared because the statute of limitations had run out – the trial began six years ago and has been subject to repeated delays, in part because of an immunity law that protected Berlusconi while he was prime minister. He is also currently on trial charged with paying for sex with an underage girl and trying to cover it up.

UK arms dealer convicted of illegal arms trading and money laundering - 26 October 2012

Gary Hyde, an international arms dealer, has been found guilty of the illegal supply of 80,000 weapons and 32 million rounds of ammunition from China to Nigeria. He has also been found guilty of laundering the illegal proceeds of this trade by transferring the money to a bank account in Liechtenstein. Hyde breached UK trade controls by arranging for the purchase and shipment of the guns – including AK47 assault rifles and Makarov pistols – and ammunition through his UK-registered company. He ignored the requirement to have a

licence and laundered more than US\$1 million [about £620,000] of commission payments from the \$10 million contract. After searching Hyde's office and home, investigators from HM Revenue and Customs (HMRC) discovered emails confirming that he was an integral part of the deal. They then used mobile phone records to trace Hyde's movements, proving that he was in the UK when making the shipment arrangements between China and Nigeria and so needed a UK control licence. Peter Millroy, Assistant Director of HMRC Criminal Investigations, said: "Hyde was an experienced arms dealer who thought he could deliberately not comply with the law in order to make some extra money to hide offshore." Hyde will be sentenced on 23 November 2012, when a timetable will be set for confiscation proceedings.

Guernsey regulator sets up new AML Division - 23 October 2012

Following a review of the Guernsey Financial Services Commission (GFSC) by Ernst & Young LLP, two functions have been centralised to improve efficiency and consistency. The new Authorisations Unit and the new Anti-Money Laundering Division will take on work that was previously done separately by each of the Divisions of the GFSC (i.e. banking, insurance, investment and fiduciary). The AML Division will enable the Commission to apply a consistent approach to anti-money laundering and financial crime surveillance, including better coordination of and more constructive preparation for on-site visits. David McCloskey, Assistant Director, in charge of the AML Division, said: "Centralising AML will ensure efficient, effective and consistent delivery across all areas by providing a focused centre of expertise."

Norfolk's largest ever fraud investigation ends with long sentences - 22 October 2012

George Katcharian and Cemal Esmene have been jailed for eleven years for defrauding Norfolk businessman Graham Dacre of £12 million. During the fraud – the largest ever investigated by Norfolk Police – Dacre was persuaded to hand over money for a high-yield investment fund, hoping to use the profits to fund charitable schemes. The two also defrauded the New Apostolic Church in Dortmund in Germany of €10 million [about £8.1 million]. Most of the money was transferred into accounts controlled by Esmene, a Cypriot, who was also found guilty of money laundering. The money was actually collected by Ian Yorkshire, who was jailed in June 2012, along with two others involved in the fraud. Katcharian and Esmene had denied the charges, and Judge Nicholas Coleman said that they had committed "calculated acts of fraud to persuade two individuals to parts with enormous sums of money", with behaviour that was "mendacious from the start, brazen and audaciously dishonest". The judge praised Detective Constable Christopher Gay, who single-handedly investigated the frauds for four years, for his "extraordinary diligence"; the policeman said that he was continuing his work to try to recover the money.

Pair convicted of laundering drug money through London bureau de change - 22 October 2012

Binita Karnavat and her fiancé Manish Patel have been found guilty of laundering £9.2 million for drug dealers through their bureau de change. They kept illicit business off the books of the BK Forex Money Exchange in Shaftesbury Avenue in central London between April 2010 and April 2011; during that period, the bureau de change purchased £9.2 million worth of currency from various wholesale currency dealers but recorded less than £750,000 of business in its books. The laundering was uncovered when two convicted drug dealers were seen picking up a black holdall containing US\$70,000 from Karnavat in January 2011. At her trial, she claimed that Patel had laundered the money through her company without her knowledge. When Karnavat's home was searched in April 2011, police discovered a number

of false passports which were used to provide customer details for illegal trades. Karnavat and Patel are in custody will be sentenced later in 2012.

Turkey threatened with expulsion from the FATF over CFT failings - 19 October 2012

At its plenary meeting in Paris, the Financial Action Task Force issued a warning to Turkey: "The FATF is deeply concerned by Turkey's continued failure to take action to fully criminalise terrorist financing and establish an adequate legal framework for identifying and freezing terrorist assets consistent with the FATF Recommendations. The third mutual evaluation report assessing Turkey's compliance with the FATF Recommendations was adopted in February 2007... Since then Turkey has taken significant action in order to remedy some deficiencies and improve its anti-money laundering regime. However... no remedial action has been taken to improve Turkey's counter terrorist financing regime. In June 2012 the FATF decided that it would initiate discussions on suspending Turkey's membership if adequate legislation were not adopted by October 2012. As of this date, Turkey has still not taken necessary action; therefore, the FATF has decided to suspend Turkey's membership on 22 February 2013 unless the following conditions are met before that date: Turkey adopts legislation to remedy deficiencies in its terrorist financing offence [and] establishes a legal framework for identifying and freezing terrorist assets consistent with the FATF Recommendations."

At the same meeting, Ghana was removed from the FATF's list of countries with strategic AML/CFT deficiencies, in recognition of its progress in this area. Trinidad and Tobago was also removed from the FATF's monitoring programme.

Cycling doping scandal moves into money laundering territory - 18 October 2012

Michele Ferrari, the doctor at the centre of the Lance Armstrong scandal, could face criminal charges in Italy relating to an alleged £24 million doping ring. Ferrari was banned for life in July 2012 by the United States Anti-Doping Agency (USADA) and named as a key figure in the Armstrong case at the beginning of October 2012. Since 2010, Italian police have been investigating his business dealings, and investigators have apparently uncovered a scheme to launder up to £24 million by using Swiss bank accounts and complicit individuals in key positions. The USADA report found evidence of payments from Armstrong to Ferrari totalling more than £600,000, and the International Cycling Union says that it will respond soon to the USADA investigation.

Spanish authorities break large Chinese money laundering ring; arrest PEP and porn star - 16 October 2012

As part of "Operation Emperor", Spanish police have arrested 80 Chinese mobsters and accomplices, including a Spanish porn star, suspected of laundering hundreds of thousands of euros. Police also seized €6 million [about £4.9 million] in cash and 200 vehicles in hundreds of raids across the country, and froze the bank accounts of more than 120 people. Prosecutor Antonio Salinas said that the network laundered up to €300,000 euros a year, money made by traders selling contraband goods in Spain: "It is a criminal organisation led by Chinese people who laundered money. They import all kinds of merchandise which dodges the Spanish authorities and is distributed throughout our territory, and they send the

money illegally earned to China.” The network also smuggled cash bound for China by train and car and used cash-intensive front businesses front companies such as karaoke bars and restaurants. Among those arrested was Nacho Vidal, an international porn star credited in titles such as “Sexcapades” and “Nacho Vidal: The Sexual Messiah 2”. He ran a company suspected of being used for money laundering. Also arrested was Jose Borrás, a local councillor in Fuenlabrada in southern Madrid; the district is home to the Cobo Calleja trading estate, considered the biggest Chinese wholesale hub in Europe, and described by court documents as the “nucleus” of the money laundering network.

French politician charged with drug trafficking and money laundering - 13 October 2012

Authorities in France and Switzerland have arrested twenty people, including the deputy mayor of a Paris district, on suspicion of laundering €40 million [about £32 million] of drug money. Florence Lamblin, the deputy mayor of the 13th arrondissement in Paris, has denied all involvement but resigned from her post. Lamblin and eight others have been charged with offences including drug trafficking and money laundering, as part of an extensive investigation into the smuggling of cannabis from Morocco to Paris. Reports say that around €400,000 in cash was found by police during house searches and millions more has been uncovered in safety deposit boxes and bank accounts.

Ticket fraudster sent to prison for money laundering - 11 October 2012

David Spanton, who made nearly £4 million from an illegal ticketing business, has been jailed for 22 months for money laundering. He stole the money through websites offering fake tickets to music and sports events, despite having been disqualified for fifteen years in 2009 from running similar kinds of companies. Evidence of ticket sales was found at Spanton’s home, including tickets to Premier League football matches, concerts and Wimbledon. One customer, for instance, lost £3,790 after buying tickets which never arrived to the 2010 Champions League Final between Inter Milan and Bayern Munich. Investigators are applying to seize the illegal profits to stop Spanton from running a similar scam again. Detective Superintendent Nick Downing said: “Historically ticketing crime, ticketing fraud, hasn’t been reported. This causes problems because when you’re trying to get it on a policing agenda or government agenda, there are no reports. People don’t see the impact of someone who bought that ticket from a website, who gets told to meet someone at the venue, who’s never going to turn up. It’s cruel.”

Fugitive money launderer's Texas pad to be sold - 11 October 2012

A luxurious house in San Antonio, Texas, will soon be seized from its owners who are suspected of money laundering, and sold on the open market. A judge granted the request from federal prosecutors because taxpayers are currently footing the bill for maintenance of the house, valued at US\$530,000 [about £330,000]. The current owner is Hilda Riebeling Cordero, whose husband Mauricio Sánchez Garza has been charged with laundering millions of dollars for Mexican drug cartels and extorting a former business partner out of a valuable movie script. Mauricio and his brother Alejandro are accused of laundering money by buying properties in San Antonio and investing in restaurants. Alejandro turned himself in in September 2012, but Mauricio is on the run. The money from the sale of this house and other forfeited assets will go into a bank account until a civil forfeiture case filed by the government is resolved.

Couple given prison sentences for laundering the proceeds of fraud - 8 October 2012

Jade Giblin of Colchester and Warren Vaughan of no fixed abode have pleaded guilty to money laundering following an investigation by Bromley Trading Standards in Kent. The pair allowed their bank accounts to receive high value transfers of the proceeds of fraud; the money was then withdrawn as cash and given to criminals who have not yet been traced. Trading Standards officers became involved when an elderly man reported that he had been tricked out of £4,500 after being told by an unknown pair of criminals there was a drain problem at his property. The cash was shown to have gone into Giblin's account through electronic transfer. The criminals demanded more money from the man, but he became suspicious and told the charity Age UK who informed Trading Standards. Other victims of similar scams were found in Eltham, Surrey, Essex and Canning Town. Councillor Tim Stevens said: "These two individuals allowed their accounts to be used for the paying in of the proceeds of crime, namely frauds where householders who were trusting or elderly or both were persuaded to transfer large sums of money for unnecessary work. Bromley Council will always prosecute in these cases." Vaughan was sentenced to two years in prison. Giblin as sentenced to twelve months suspended for two years and ordered to carry out 150 hours unpaid work in the community.

Caretaker found guilty of stealing from centenarian lodger - 5 October 2012

John Friedlund, a caretaker working Washington state in the US, has been found guilty of stealing nearly US\$1 million [about £620,000] from the bank account of his 105-year old lodger Frances Swan. A police officer went to Friedlund's property to investigate reports of starving horses, and found Swan living in squalid conditions and asking for food. She has now been moved to a nursing home. Friedlund spent Swan's money on tractors, snowmobiles, hundreds of guns, and young men he met on a website for "gay sugar daddies". He has also been charged with money laundering and failing to file income tax returns, and faces up to ten years in prison.

Professional Malaysian couple sent to prison for embezzlement and money laundering - 4 October 2012

The former head of customer services at Bank Muamalat in Malaysia and her lawyer husband have each been sentenced to ten years in prison for breach of trust, plus five years each for money laundering – the sentences are to run concurrently. Aishah Mohamed Rose was found guilty of embezzling a total of MYR1,578,191 [about £320,000] from a Penang branch of her bank between February and December 2009, while her husband Johari Ahmad was found guilty of abetting her. They were both found guilty of laundering the money by paying cheques into an account held at the bank by the husband's law firm.

Another Mubarak ally given seven more years in prison and fined nearly £2,000,000,000 for money laundering - 4 October 2012

Ahmed Ezz, a former steel magnate and a powerful insider in the Mubarak regime, has been sentenced by an Egyptian court to seven years in prison for money laundering. He has also been fined 19.5 billion Egyptian pounds [about £1.975 billion]. Ezz is already serving a ten-year sentence after being found guilty in 2011 of corruption. Ezz was arrested days after Mubarak's regime was toppled in February 2011; he often spoke vehemently in support of the ousted president and was believed to be guiding efforts to further Gamal Mubarak's ambition to succeed his father. Ezz organized the ruling party's last election campaign in 2010, which, like previous elections, saw widespread vote-rigging. Ezz – along with Mubarak and his two

sons Gamal and Alaa, and two dozen others with close connections to the former regime – is being held in Torah prison on the southern outskirts of Cairo.

UK accountant jailed for defrauding two Christian charities - 4 October 2012

Accountant Steven Methuen has been jailed for five years for stealing more than £500,000 from two charities. Acting as treasurer of Amblecote Christian Centre, Methuen made false Gift Aid claims totalling £195,000. He also siphoned off a further £205,000 from the charity and £117,000 from a related charity called Christian International Relief Mission, which helps orphanages in the Philippines.

The joint investigation by HM Revenue & Customs (HMRC) and West Midlands Police discovered that the cash had been transferred to Methuen's own bank account. Methuen claimed that he was innocent and that the discrepancies were due to errors with computer software. However, digital forensic analysis of computers proved this to be a lie: he has transferred around £517,000 to his own account and paid off his personal credit card bills. Graham Ranson, Assistant Director of HMRC's Criminal Taxes Unit, said: "Methuen was ruthless in his campaign to steal these substantial funds. He gained the trust of the organisations over a number of years and held a respected position. This did not satisfy him or provide any sense of loyalty."

Major drug trafficker and launderer sent to prison for twenty years in Texas - 3 October 2012

Kevin Gobert has been sentenced to 20 years in prison for drug trafficking and money laundering, to be followed by five years on supervised release. From January 2003 to February 2010, Gobert managed and operated an operation based in Houston to traffic cocaine and marijuana from Mexico into the US. Gobert paid others to pick up, transport and distribute cocaine and marijuana at his direction, and to collect, count and distribute drug proceeds. He rented residential properties to be used as stash houses to store his drugs and cash. He used a Bank of America account in Atlanta, Georgia for depositing cash, which he then transferred to another account in Laredo, Texas. Over the seven years, the organisation distributed 800kg of cocaine and 1,000kg of marijuana.

Las Vegas man jailed for illicit drug sales and laundering - 2 October 2012

Nicholas Ghafouria of Las Vegas has pleaded guilty to illegally transporting prescription painkillers to Alaska and laundering the proceeds. He agreed to spend fifteen years in prison, but will be officially sentenced in January 2013. In his plea agreement, Ghafouria admitted to a conspiracy to distribute 4,000 oxycodone pills in different cities in Alaska. The trafficking gang – twenty-six others have been charged – sent the pills in postal packages and also used couriers to transport them on aeroplanes. Ghafouria has also been ordered to turn over about US\$1.2 million [about £745,000] in cash and property he gained in the operation, which sold the pills for about \$65 each.

Panamanian sent to prison for laundering through Malta - 2 October 2012

Domingo Navas, a Panamanian living in Malta, has been jailed for 3½ years for money laundering, and fined €3,500 [about £2,800]. In 2011 he was acquitted of drug trafficking while his Colombian friend José Pena was found guilty and jailed for eighteen years. And in early 2012, Navas's cousin Eduardo Navas Rios was jailed for 4½ years for stealing €50,000 and laundering the money by wire transfer to Panama. Police became interested in Navas when – despite being unemployed – he spent €20,000 on a car and €650 a month on rent, before transferring an estimated €349,500 from Malta to Panama.

Corrupt Puerto Rican politician given five more years in prison for corruption and money laundering - 28 September 2012

Puerto Rican former senator Jorge de Castro Font has pleaded guilty in San Juan to 93 charges, including bribery, extortion, money laundering and perjury. In May 2011 he pleaded guilty to extortion and wire fraud and is currently serving a five-year sentence for that. He has now been ordered to serve a ten-year concurrent sentence for these new offences. De Castro Font was a spokesman for the New Progressive Party and chair of the powerful rules committee until he was accused of demanding money in exchange for favourable legislation.

Nicaraguan music promoter found guilty of organised crime and money laundering - 27 September 2012

Music promoter Henry Farinas and twenty-one other people in Nicaragua have been found guilty of money laundering, organised crime and drug trafficking, thanks to their links with gangs trafficking cocaine in Central America. Farinas had pleaded guilty, and said in court that he hoped God would guide the judge's decision. All twenty-two will be sentenced in October 2012. It is now believed that Farinas was the real target of an attack that killed beloved folk singer and UNESCO "world messenger of peace" Facundo Cabral in Guatemala in August 2011. Cabral had no involvement with criminal gangs, but he and Farinas were being driven to the Guatemala City airport when their car was ambushed; the singer died and Farinas was seriously injured. The death of Cabral caused dismay and outrage throughout Latin America, with President Hugo Chavez of Argentina tweeting "What pain! We cry with Argentina and all of our great fatherland", and three days of mourning being declared in Guatemala.

Hackney benefit fraudsters jailed for money laundering - 27 September 2012

Adeola Thomas, a Nigerian living in Hackney who attempted to claim £3.8 million in a tax credit and benefits fraud using stolen identities, has been jailed for seven years for fraud and money laundering. Between January 2007 and October 2011, Thomas submitted hundreds of false claims for Social Fund payments to the Department for Work and Pensions (DWP) and for tax credits to HM Revenue and Customs (HMRC) – the vast majority were rejected but £87,000 was paid out. The fraud was spotted when HMRC noticed that a number of tax credit claims, supposedly from different people, came from the same addresses, and that those same addresses were used for a number of Post Office card accounts and so it became clear to them that the DWP was also being defrauded. Thomas was arrested by HMRC investigators outside a post office in Hackney, and found to be in possession of seventeen Post Office account cards and two fraudulently completed application forms addressed to Jobcentre Plus. Thomas and his Nigerian partner Abimbola Abiola used personal details stolen from more than 1,400 people to complete 2,495 handwritten application forms. Abiola has been jailed for 2½ years for fraud and money laundering. On sentencing, HHJ Kennedy said: "This was no less than a criminal industry, with simple and

eye-watering criminality designed to maximise the loss to the public.” Both Thomas and Abiola will be deported at the end of their sentences.

Lithuanian jailed for laundering drug money through New Zealand - 24 September 2012

Donatas Jukna, a Lithuanian national, has been sentenced in New Zealand to two years and nine months in prison for money laundering. In May 2008, Jukna and an associate Martynas Cikas arrived in Auckland under covert surveillance by detectives investigating a global crime syndicate smuggling drugs into New Zealand. While in the country, the pair visited numerous financial institutions where they either remitted money overseas or changed cash for foreign currencies. The money (totalling NZ\$880,000 – about £445,000) was being sent by Auckland crime boss Ronald Brown to pay his drug supplier in Europe; Brown is currently serving an 11-year prison term for drug importation. Customs officers conducted a covert search of the check-in luggage of Jukna and Cikas as they boarded a flight to Frankfurt in June 2008, and found the equivalent of £160,000 in US, European and New Zealand currency hidden inside clothes, shoes, toiletry bags, tennis bags and concealed compartments, as well as two fake passports. The pair were unaware of the interest in them, as covert surveillance continued. Jukna was arrested at the German border on an Interpol warrant in April 2012 and extradited to face charges in New Zealand.

Standard Chartered announces details of AML settlement with regulator - 21 September 2012

Standard Chartered plc has finalised the terms of its settlement with New York’s Department of Financial Services (DFS), which was originally announced on 14 August 2012. The bank (the fifth largest in the UK) will pay \$340 million [about £210 million] – the largest ever amount collected by a single US regulator in a money laundering case. The bank will also install a monitor for two years to watch over its compliance and controls for its dollar transactions, and it will allow the New York regulator to install examiners to monitor its compliance and due diligence with US AML laws. Standard Chartered acknowledged misconduct tied to 59,000 transactions totalling about \$250 billion. Benjamin Lawsky, superintendent of the DFS, said: “We will continue to work with our federal and state partners on this matter”. Standard Chartered is still under investigation by the US Treasury, the US Department of Justice, the Manhattan District Attorney and the Federal Reserve – all were unhappy with Lawsky when he took unilateral action against Standard Chartered.

Former sheriff's deputy sent to prison for laundering drug money - 21 September 2012

Eric Hawkins, a former sheriff’s deputy in New Jersey, has been sentenced to two years in prison and fined \$10,000 [about £6,100] for money laundering. As well as being a police officer, Hawkins ran a not-for-profit business called Urban Community Unification Inc. He agreed to launder cash, which he believed to be the proceeds of drug trafficking, through his business after being approached by a man who claimed

to be a broker for a drug dealer – but the “broker” was an undercover officer. Hawkins accepted \$25,000, \$35,000 and \$20,000 in cash on three separate occasions and laundered the money through his company’s bank account, noting the deposits in his books as “donations”. He then returned the money to the broker, minus a 5% laundering fee.

Bank's head of online fraud prevention jailed for fraud - 21 September 2012

Jessica Harper, who worked at Lloyds Bank as head of fraud and security for digital banking, has been jailed for five years for defrauding the bank of £2.4 million. Between 2007 and 2011, Harper submitted 93 false and doctored invoices to pay herself £2,463,750, giving large sums to friends and her three brothers to invest in property. Judge Deborah Taylor told her: “You were a senior employee in the bank in a position with a high degree of trust at a time when Lloyds was substantially supported by a lot of taxpayers’ money following difficulties sustained by the bank in the financial crisis. You disregarded your duties out of a sense of entitlement to take other people’s money for your own benefit and that of your family.” Harper told investigating officers that she deserved the money because she was getting up at 5.30am and returning home at 8pm: “I saw the opportunity and thought: ‘Given the hours I work I deserve it’. If I went to work for another company I would probably be earning four times as much.” Harper’s brothers – Simeon, Matthew and Gareth Tyrell – told of their “shock, upset and surprise” as they had thought she was earning the money legally. Harper has sold her home and has so far repaid £709,000.

Large Israeli bank fined for AML failings - 20 September 2012

The Bank of Israel has imposed a fine of 3.8 million shekels [about £600,000] on Mizrahi Tefahot Bank Limited – Israel’s fourth-largest bank and its leading mortgage provider – for AML failings. The central bank did not disclose details, but said that it had imposed the fine after finding that Mizrahi Tefahot had failed to report unusual transactions, had managed accounts for lawyers without obtaining the appropriate declarations from beneficiaries, and did not submit reports on time to the central bank. Mizrahi Tefahot has said that it has taken measures to correct the deficiencies.

US sanctions removed for two top Burmese PEPs - 19 September 2012

The US Office of Foreign Assets Control (OFAC) has removed sanctions on two top Burmese officials as the country continues being welcomed back into the international community. The removal gives President Thein Sein and Lower House of Parliament Speaker Thura Shwe Mann access to once-blocked property and assets, and allows Americans to do business with them. David Cohen, undersecretary of Treasury for terrorism and financial intelligence, said: “Thein Sein and Thura Shwe Mann have taken concrete steps to promote political reforms and human rights, and to move Burma away from repression and dictatorship toward democracy and freedom, warranting today’s delisting action.”

Online poker ex-executive pleads guilty to money laundering - 19 September 2012

Nelson Burtonick, formerly director of payments at Pokerstars and then Full Tilt Poker (FTP), has pleaded guilty to laundering illegal gambling proceeds. He admitted that he helped to deceive banks into processing hundreds of millions of dollars worth of gambling transactions in violation of federal law. The US operations of Pokerstars and FTP were closed in 2011, and in July 2012 the two companies reached a US\$731 [about £451 million] settlement with the US Department of Justice on charges of bank fraud and money laundering. Burtonick, a Canadian national and resident of Ireland, faces a maximum sentence of fifteen years in prison. Five other defendants in the case have also pleaded guilty, with charges still pending against ex-FTP CEO Raymond Bitar.

Corrupt Brooklyn union leaders sent to prison for extortion and money laundering - 14 September 2012

Anthony Fazio, a corrupt union leader, has been sentenced in Manhattan to 12½ years in prison for racketeering, extortion and money laundering. Fazio was found guilty in May 2012 of extorting US\$1.86 million [about £1.15 million] from businesses that employed members of his union, the United Food and Commercial Workers International Union Local 348. Fazio was president of the 12,000-member Brooklyn union from 1976 to 2010, and used the threat of labour disruptions to extort payments from twelve employers for more than two decades. At sentencing, Fazio asked the judge to show him leniency, saying: "I don't want to die in prison". But Judge Katherine Forrest said that Fazio deserved a long prison sentence because his crimes were "brazen, egregious and occurred over a long period of years". She also fined him \$1.5 million and ordered him to pay \$2.5 million in restitution to the union. His son Anthony Fazio Jr. and nephew John Fazio, who had also served as president of the union, were found guilty of the same crimes; the former was sentenced to five years, and the latter to more than eleven years.

US banker pleads guilty to Ponzi scheme and money laundering - 13 September 2012

American banker William Wise has pleaded guilty to mail fraud, wire fraud and money laundering. Wise ran Millennium Bank from an office in Raleigh, North Carolina; he advertised it as part of a Swiss bank based in St Vincent in the Caribbean, but admitted in court that it was simply the front for a Ponzi scheme. He promised investors a 16% return on certificates of deposit, but used investors' money to repay earlier investors and fund his own lavish lifestyle. From January 2004 to March 2009, he sold more than US\$129.5 million [about £80 million] worth of bogus CDs to more than 1,200 investors, resulting in losses of more than \$75 million. A receiver found that Wise gave his wife a \$12,000 weekly allowance and spent \$10,000 a month on each of his girlfriends. He also spent \$1 million on wine, \$800,000 to build an hangar in Atlanta for a corporate jet, \$450,000 for three boats and an undetermined sum for a 2008 New Year's Eve party for fifty people on St

Vincent. Federal agents seized Wise's possessions in 2009 and auctioned them off to generate money to repay investors. Wise was on the run for three years before surrendering in San Francisco in April 2012. He will be sentenced in March 2013, when he faces up to life in prison and millions of dollars in fines.

US banker sent to prison for bank fraud and money laundering - 12 September 2012

Kelly Harbert, a former banker in Little Rock, Arkansas, has been sentenced to 2½ years in prison for bank fraud, money laundering and a Social Security violation. Harbert – former vice president and commercial loan officer, and later senior vice president, of One Bank and Trust – was also ordered to pay a total of US\$441,912 [about £275,000] to seven financial institutions. Her prison sentence is to be followed by one year of supervised release. Harbert admitted that she obtained loans and lines of credit under false pretences, including using the names and personal information of her parents and her bank's clients, and used the loans and credit to convert funds to her personal use. She obtained the loans and credit from her own bank, where she was authorized to approve unsecured loans up to \$50,000, and from other banks in Little Rock. She admitted laundering the money through deposits and transfers from one account to another, and knowingly using another person's Social Security number to commit fraud.

UK publishes amendments to Money Laundering Regulations - 10 September 2012

The UK Government has introduced legislation to Parliament to implement changes to the Money Laundering Regulations 2007. The changes are designed “to reduce the regulatory burden imposed by the current regulations, while strengthening the overall anti-money laundering regime”. The (mainly administrative) changes take the form of the Money Laundering (Amendment) Regulations 2012 and will come into force on 1 October 2012.

Firefighter convicted of laundering son's drug proceeds - 10 September 2012

James Green senior, a former Pittsburgh firefighter, has been sentenced to three years' probation with the first six months to be spent under house arrest (or “home detention”, as it is called in the US) for laundering the proceeds of his son's drug dealing. His son, James Green junior, was sentenced to more than a decade in prison for drug offences. The father laundered US\$30,000 [about £18,600] by allowing his son to pay him cash for rent, utility bills and car expenses, even though he knew that his son's money came from drug sales. He said that he thought his son was selling marijuana, when in fact it was heroin. Green senior was also fined \$7,500 and ordered to forfeit the car that he had allowed his son to use for his drug business.

Great-grandfather jailed for drug dealing and money laundering - 7 September 2012

Bedfordshire great-grandfather George Evans has been jailed for 18 years for drug dealing and money laundering. His wife Anne was sentenced to 18 months for money laundering. The two were stopped in their truck in France in 2009, and police found 29kg of cocaine (with a street value of £3 million) hidden inside specially-hollowed roof bars. Bedfordshire Police were alerted, and began a covert investigation into the Evans's affairs. The couple lived in a £410,000 home bought with cash and owned Rolls Royce and Jaguar cars – although neither had a declared income other than state benefits. Prosecutors told the court that Evans, a welder, had constructed the false compartments for the drugs, and that after the seizure Evans was kidnapped, beaten, given electric shocks and had a hole drilled into his foot before being dumped near his home two days later – almost certainly by his criminal masters. When police searched the Evans home, they found 23kg of Benzocain (a substance used to bulk out cocaine) and a van with specially concealed cavities, being adapted to replace the truck seized by French police. The house will be made the subject of a proceeds of crime hearing in December 2012. Judge Barbara Mensah said: "Drug dealing is an evil trade and sentences have to be a warning that those who get involved will get heavy sentences. People should not think that if they take up drug dealing in their autumn years, judges will give them soft sentences."

Former head of Colombian army intelligence found guilty of money laundering - 6 September 2012

Retired General Pauselino Latorre, formerly head of army intelligence in Colombia, has been convicted of criminal conspiracy and laundering the proceeds of drug trafficking. According to the Attorney General's office, his role in the money laundering scheme "was to provide the appearance of legality, given his status as a retired officer of the National Army" to the front companies set up to launder drug money. The general was a corporate officer of various firms whose revenues could not be explained by reference to any legitimate business activity. He is being held in La Picota Prison in Bogotá until his sentencing on 2 October 2012.

Ponzi fraudster's wife charged with money laundering - 6 September 2012

The wife of imprisoned Ponzi fraudster Scott Rothstein has been charged with money laundering for allegedly concealing more than \$1 million in jewellery from federal investigators and later attempting to sell some of it. Her lawyer says that she takes "full responsibility" for her actions but insists that she did not know about her husband's \$1.2 billion fraud. Scott Rothstein, once a high-flying lawyer in Florida, is serving a 50-year prison sentence for fraud. Shortly after the scheme was uncovered in late 2009, investigators went to the Rothsteins' home to seize jewellery, watches and other items purchased with money from the fraud. Kim Rothstein assured them they had everything (and in a February 2010 bankruptcy deposition, she said under oath that "all of the missing jewellery had been turned over to the government") but in fact she "knowingly took action to conceal certain items of jewellery" and then attempted to sell some of it.

Canadian estate agent jailed for laundering the proceeds of fraud - 5 September 2012

Peter Chiu, an estate agent in Toronto, has been jailed for a year for laundering a cheque for C\$700,000 [about £445,000] that had been obtained fraudulently from a mentally incompetent elderly man. Chiu used the CIBC bank account of his business, Golden Land Realty, to deposit the cheque passed to him by a business acquaintance, Kevin Tsui, and was paid a \$11,500 “administrative fee” for doing so. Tsui told Chiu that Joseph Katz was one of several prospective buyers of income-producing properties, and the \$700,000 had been collected from the purchasers and accumulated in the elderly man’s Bank of Montreal account. If Chiu had asked a few simple questions, rather than turning a blind eye, he would have discovered that Katz had not authorised the cheque. But according to Ontario Superior Court Justice Gary Trotter, “the impact of Chiu’s silence has been absolutely devastating”, with 93-year old Katz left “almost destitute” and with no-one to look after him now that he has been forced to leave his private nursing home. Chiu was ordered to pay restitution of \$11,500 to Katz. Tsui is reported to have fled to Hong Kong.

Young mum jailed for drug money laundering - 4 September 2012

Lauren Padgett, a young mother from Morecambe, has been jailed for 22 months for money laundering. She helped her partner Anthony Diprose to laundering cocaine dealing proceeds of £58,000. Diprose was the head of an organised crime gang that operated in Lancaster and Morecambe, and used fear and intimidation to stop people speaking to the police. In June 2012, Diprose was sentenced to sixteen years in prison for cocaine supply, laundering more than £100,000, and fraud by false representation after clocking a Range Rover. Detective Sergeant Neil Drummond of Lancashire Police said: “Diprose and Padgett lived a lavish lifestyle with designer clothes, expensive jewellery and a high value car. Padgett was complicit in laundering the money over a period of five years. The large amount of cash that she laundered, was amassed through drug dealing and brought misery to the local community.”

Three given jail sentences for Majorca Ponzi fraud and money laundering - 31 August 2012

John Hirst, his estranged wife Linda and their accountant Richard Pollett have all been jailed for their roles in a £10 million Ponzi investment fraud which ran for eight years in Majorca. John pleaded guilty to fraud and money laundering and was sentenced to nine years in prison. Linda was found guilty of money laundering and deception and will serve 2½ years, while Pollett was found guilty of fraud and will serve 6½ years. In 2001 John and Pollett set up a scheme to target British people with promises of huge returns and a risk-free guarantee on their investments. John also tried to involve other members of his family in the scheme, but his solicitor son Daniel and Linda’s daughter Zoë Waite were cleared of money laundering. Judge Jonathan Durham-Hall QC told Hirst and Pollett: “You are through and through common criminals. What you did, and what makes this case of the utmost gravity, was brutal, callous and cruel. You are corrupt. This was an appalling and shocking course of conduct in which so many were targeted and so many have, in effect, had the remainder of their lives shattered and ruined.” He then told Linda: “You did, from June 2006 onwards, enjoy the most profligate of high standards of living, jet-setting

here and there, cruises here and there, and, of course, Mr Hirst liberally showered you with money and jewels.” The court heard that the couple, who are no longer together, enjoyed luxury holidays and lavish wedding celebrations in Las Vegas and Majorca with the proceeds of the scheme. John Hirst, a former insurance salesman, had previously been convicted for fraudulently taking redundancy money from former Yorkshire miners in the 1990s.

Two men imprisoned for Napa Valley bank fraud and money laundering - 30 August 2012

Californians David Papera and Michael Ohayon have been sentenced to 70 months and 60 months in prison respectively for bank fraud and money laundering. In 2003, the two men formed a company called Sage Creek Ranch LLC for the purpose of developing land in rural Napa County. They then obtained millions of dollars in loans from Washington Mutual Bank by submitting fraudulent loan applications in the names of “straw buyers” with clean credit histories. Papera’s lawyer asked for leniency on the grounds that his client suffered from brain damage, bipolar disorder and mild schizophrenia brought on by “raging drug dependency”, and also tried to point the finger at Washington Mutual Bank, claiming that the bank “looked the other way”, but all of this was dismissed by the judge. Six of the straw buyers pleaded guilty to tax felonies for failure to report as income approximately \$50,000 they each received for allowing their names and credit to be used in the bank fraud scheme. Papera and Ohayon were also ordered to pay restitution of US\$10.5 million [about £6.6 million] to Chase Home Finance (Washington Mutual’s successor).

Malaysian police superintendent sent to prison for money laundering - 27 August 2012

Azmi Osman, a police superintendent in the Malaysian state of Johor, has been sentenced to two years in prison for money laundering. He was also fined MYR 1.75 million [about £355,000]. Azmi, who is currently suspended from duty and plans to appeal, committed four offences of money laundering between 2002 and 2005 when he was an officer with the Secret Societies, Gambling and Vice Division in Johor. He took four cash bribes totalling MYR 3.8 million [about £770,000] and paid the money into two current accounts at Maybank.

NZ "accidental millionaire" sent to prison for 4½ years - 24 August 2012

Runaway “accidental millionaire” Leo Gao has been jailed for four years and seven months. His former girlfriend, Kara Hurring, received nine months’ home detention. The pair went on the run to China in 2009 after Westpac Bank mistakenly transferred NZ\$10 million [about £4.65 million] to Gao’s account after he asked for a \$10,000 overdraft. Hurring was arrested when she returned to New Zealand in February 2011 after having a baby (which is now believed to be with family in China) and Gao was arrested crossing from China to Hong Kong in September 2011. He was extradited to New Zealand and pleaded guilty to theft. Hurring pleaded not guilty, saying that Gao told her he had won the lottery. Westpac has recovered \$2.9 million but is still looking for \$3.79 million.

Scottish solicitor found guilty of breaking AML rules - 21 August 2012

Eileen Coogans, a Glasgow solicitor, has been found guilty at a hearing of the Scottish Solicitors' Discipline Tribunal (SSDT) of breaking rules designed to stop money laundering, and given a three-year supervision order. In 2007, Coogans was fined £4,000 after repeated inspections of her firm E Coogans and Co by the Law Society found that she was failing to record where money had come from. She admitted professional misconduct, including breaking money laundering regulations, and eventually brought in new accountants to help solve the problem. In this recent case, she did not carry out due diligence when a property was sold on within a matter of days after being bought from a builder, netting a profit of £70,000 for the seller. She claimed that the failure was an "administrative error". Representing the SSDT, Kirsteen Keyden said that the panel was "extremely concerned" over its duty to protect the public. The supervision order means that for three years Coogan will have to work for an approved Law Society firm under the supervision of other lawyers, and will be banned from being a full partner.

US seizes \$150 million linked to Hezbollah money laundering - 20 August 2012

Federal officials in the US have seized US\$150 million [about £95 million] as part of a crackdown on a money laundering scheme linked to the Lebanese militant group Hezbollah. This follows a complaint filed in December 2011 alleging that the now-defunct Lebanese Canadian Bank laundered money for Hezbollah-controlled groups around the world. According to the US Drug Enforcement Administration, between 2007 and 2011 Lebanese Canadian Bank and other financial institutions routed at least \$329 million in proceeds from drug sales and other criminal activity to the US. The money was used to buy cars that were later sold in West Africa, with the proceeds sent back to Lebanon via Hezbollah-controlled channels. In September 2011, the majority of Lebanese Canadian Bank's assets were purchased by Société Générale de Banque au Liban; at least \$150 million from that sale is being held in escrow in an account at Lebanon's Banque Libano Française, so US officials seized an equivalent amount of money from a US correspondent account of Banque Libano Française. Neither Banque Libano Française nor Société Générale de Banque au Liban is accused of any wrongdoing in the case.

Travel agency launderer ordered to hand over £75,000 - 20 August 2012

A man who was jailed for laundering almost £500,000 of drugs cash at a Glasgow travel agent has had a confiscation order for £75,203 awarded against him. Robert Bonnar was jailed for three years in 2011 after he admitted offences between 2002 and 2003. He exchanged sums of up to £70,000 on 14 occasions, telling staff at the Lunn Poly branch that he was investing in property abroad. He was caught inside the travel agents in May 2003 following an undercover sting by customs investigators, but fled to Bali before his trial in 2006. He returned three months later and was arrested

when police stopped him for a road traffic offence. Lindsey Miller, head of the Serious and Organised Crime Division of Scotland's Crown Office and Procurator Fiscal Service, said: "Robert Bonnar was involved in a huge money laundering operation, converting almost half a million pounds into euros over the course of a year using a Glasgow travel agency. "His criminal conduct allowed us to use the Proceeds of Crime Act to investigate his income over the six years leading up to his arrest. We found half a million pounds had been made by Bonnar during this time. I am satisfied that the £75,203 confiscation order represents the amount available to us at this time."

Fraudster-defrauding fraudster sent to prison for tax crimes and money laundering - 16 August 2012

Gino Carlucci has been sentenced to 188 months in prison in Phoenix, Arizona, for money laundering, defrauding the Internal Revenue Service (IRS) and filing a false income tax return. Carlucci and his co-defendant, Wayne Mounts, stole large sums of money and assets from Joseph Flickinger, a tax return preparer in Ohio who had himself defrauded multiple clients of their life savings in a fraudulent investment scheme. Flickinger pleaded guilty and has been sentenced to 70 months in prison. After stealing the money from Flickinger, Carlucci and Mounts devised a scheme to have Flickinger arrested by federal officials. As well as money, Carlucci and Mounts also defrauded Flickinger of several luxury vehicles and a condo, which they quickly sold for US\$210,000. Carlucci had some of the funds transferred into bank accounts held in the name of his wife and father-in-law. Carlucci's wife and Mounts then withdrew more than \$300,000 in cash over several months, in increments of \$10,000 or less so that the bank would not report their withdrawals. Carlucci and Mounts spent the money on boats, Sea Doo personal watercraft, trucks, trailers and all-terrain vehicles – all of which have now been seized. Mounts was sentenced in January 2012 to 63 months in prison. Richard Weber, Chief IRS Criminal Investigation, said: "Today, Mr Carlucci was held accountable for his criminal behaviour. He's nothing more than a con man motivated by greed. His sentencing is a victory for honest tax-paying citizens." Carlucci was ordered to pay \$893,716 in restitution to the victims in Flickinger's case and to the IRS.

HMRC publishes photos of its top twenty tax cheats - 16 August 2012

HM Revenue and Customs (HMRC) has published the photographs ([here](#)) of the twenty people considered to be the most wanted UK tax fugitives. The nineteen men and one woman have all have been identified and most are thought to be living outside the UK. They include people who have been found guilty in their absence of crimes such as fraud, money laundering and smuggling, and others who face a warrant for their arrest but have yet to stand trial. Exchequer Secretary David Gauke said: "The government is absolutely committed to tackling tax evasion and fraud. These criminals have collectively cost the taxpayer over £765 million and HMRC will pursue them relentlessly. We hope that publishing their pictures in this way will enable members of the public to contribute to the effort to catch

them.” Anyone with any information about those pictured is asked to contact Crimestoppers.

Standard Chartered to pay \$340 million for sanctions breaches - 14 August 2012

The day before its bosses were due to appear before the New York Department of Financial Services (DFS), UK bank Standard Chartered has agreed to pay a “civil penalty” of US\$340 million [about £217 million]. The bank had been accused of laundering \$250 billion and admitted that 300 of its transactions did break US sanctions but that the amount totalled just \$14 million. It will also install a monitor for at least two years who will evaluate money laundering controls at the bank’s New York branch and report directly to the DFS. Finally, the settlement provided for permanent staff at the bank’s New York office to audit any money laundering controls. The bank said in a statement that it continues to “engage constructively” with other US authorities, so this may not be the last of the penalties.

Pirate hostage negotiator given twelve life sentences in the US - 13 August 2012

Mohammad Saaili Shibin, a Somali who acted as a hostage negotiator during the hijacking of an American yacht, has been given twelve life sentences by a US judge in Virginia. He was found guilty in April 2012 of piracy, kidnapping and hostage-taking over the 2011 hijacking of the SV Quest, near Oman. The couple who owned the boat, Jean and Scott Adams of California, and guests Bob Riggle and Phyllis Macay of Seattle, were shot dead after a gang of nineteen pirates took them hostage in the Indian Ocean. Prosecutors say that Shibin received at least US\$30,000 [about £18,500] for negotiating ransom payments; he was ordered to pay \$5.4 million in restitution. In his role as negotiator, he researched the background of the hostages over the Internet to determine how much ransom to demand and to find family members to contact for the payments. Two Somalis also charged in the case pleaded guilty in 2011 and were sentenced to life imprisonment. Several others involved in the hijacking have also received life terms, while some face murder charges and the possibility of the death penalty. Two of the pirates were killed by US forces and another two were found dead on the pirates’ vessel.

Several jailed for laundering the proceeds of California real estate fraud - 13 August 2012

Garret Gililland and Shane Bureson have been sent to prison in California for mail fraud and money laundering; the former was sentenced to seven years and 10 months and the latter to 23 months. Gililland ran a scheme to falsify the sale price of 46 homes. After the close of escrow, homebuilders wrote cheques for kickbacks to front-companies run by the two men. Gililland and Bureson then used that money to pay buyers for purchasing the homes, while also arranging for straw buyers and investors to fraudulently obtain mortgages for the homes. In April 2012, homebuilder Tony Symmes was sentenced to two years and 11 months for money laundering and

ordered to forfeit US\$4 million [about £2.5 million]. In May 2012, developer William Baker pleaded guilty to mail fraud and was sentenced to three years' supervised release. Keshia Haynie, a loan broker who processed fraudulent loans, has also been convicted of mail fraud and awaits sentencing.

Major Mexican drug trafficker extradited to the US - 9 August 2012

Sandra Avila Beltran, a major drug trafficker known as the "Queen of the Pacific", has been extradited to the US by the Mexican authorities to face cocaine trafficking charges. Mexican prosecutors say that she set up some of the first drug smuggling routes up the Pacific coast into California and played a major part in the growth of the Sinaloa Cartel in the 1990s, working alongside Mexico's most wanted man, Joaquin "Shorty" Guzman, and being an important link between the Sinaloa Cartel and the Norte del Valle Cartel in Colombia. She was arrested in September 2007 in Mexico City and charged with drug trafficking and money laundering, but claims that she made her money selling clothes and renting houses. In February 2011, the director of the prison where she was being held was sacked after it emerged that a doctor had been allowed into Avila's cell to give her Botox injections.

Sentences passed in Belize laundering case - 8 August 2012

In a follow-up to a story dated 3 August 2012, sentences have been passed in Belize's largest-ever money laundering case. Michael Coye, his daughter Melonie Coye, Athlee Matute, Dietrick Kingston and their company Money Exchange International Limited were found guilty of money laundering. Michael and Melonie Coye were each sentenced to three years in prison each. Melonie, who is considered the mastermind of the operation, was also fined B\$50,000 [about £17,000], while Michael was fined \$25,000. If they do not pay their fines, they will serve an additional year in prison. Kingston and Matute were each fined \$25,000, and the company was fined \$100,000.

Standard Chartered accused by Americans of conducting financial transactions with sanctioned regimes - 6 August 2012

UK-based bank Standard Chartered has been accused by the New York State Department of Financial Services of "scheming" with Iran between 2001 and 2010 to hide 60,000 transactions (worth up to US\$250 billion, or about £161 billion) that were subject to US economic sanctions. The bank has been called a "rogue institution" and threatened with having its US banking licence revoked, and ordered to appear before the regulator soon to explain itself. The regulator also said that it had evidence of similar schemes to conduct business with Libya, Burma and Sudan – all sanctioned regimes. In response, a statement from Standard Chartered said: "The group strongly rejects the position or the portrayal of facts as set out in the order issued by the DFS."

Serbian businessmen sent to prison for laundering drug money - 3 August 2012

Zoran Copic, a Serbian businessman and associate of Montenegrin drug lord Darko Saric, has been sentenced to five years in prison for laundering Saric's money. Drago Nizol and Ljubo Mrdjen, directors of two of Copic's companies, were sentenced to four and six months respectively. Part of the evidence presented was recorded conversations between Copic, Nizol, Mrdjen and members of various criminal organisations. More than US\$5.8 million [about £3.7 million] was deposited into the accounts of Copic's export-import company Agrocoop between the end of 2008 and mid 2009 – much of it from offshore companies controlled by Saric. Copic used some of the drug money to buy the Bijeljina Sugar Factory in northern Bosnia, and transferred the rest to accounts of his other companies in Bosnia and Serbia. The court also confiscated Copic's assets, including stock in the sugar factory worth US\$11.45 million, a Cessna aeroplane and a house in Banja Luka. Prior to sentencing, Copic had noticed the large number of journalists filling almost all the seats in the courtroom and commented: "This is certainly not a good a sign."

Belize's largest-ever money laundering case ends with convictions - 3 August 2012

The largest-ever money laundering case in Belize has come to an end. In 2008, Belize's Financial Intelligence Unit (FIU) filed charges against the Coye family, accusing them of using their money transmitting business to launder money. But in October 2010, the case against Michael and Marlene Coye, their daughter Melonie and her husband James Gerou, Michael's brother Jude Coye, and employees Athlee Matute and Dietrick Kingston collapsed because of lack of evidence. Nearly two years later, the FIU again laid charges against Michael Coye, Melonie Coye, Athlee Matute, Dietrick Kingston and their company Money Exchange International Limited, part of the network representing MoneyGram International in Belize. According to the FIU, between October 2007 and December 2008 the defendants laundered 1.57 million Belizean dollars [about £530,000] made through fraud and forgery. The money had been found in suitcases at Michael Coye's home. After a three-week trial, all defendants were found guilty, and sentencing will take place on 8 August 2012. The defendants plan to appeal. Marilyn Williams, director of the FIU, said that the verdict was a victory not just for the FIU but for the entire country of Belize.

Pain clinic owner given 15 years for drug dealing and money laundering - 3 August 2012

A pain clinic owner who instructed his employees to recruit residents of Kentucky to visit his clinics in Pennsylvania and Ohio to unlawfully receive tens of thousands of prescription drugs has been sentenced to 15 years in prison. Michael Leman was found guilty of conspiracy to distribute controlled substances and money laundering, and also ordered to pay US\$1 million [about £640,000] in community restitution. A fine of \$25,000 was imposed on each the two clinics. Three of the doctors Leman hired to work at his clinics had criminal histories and had lost their licence to practice medicine in other states. He paid these doctors \$3,000 a week with additional

monetary incentives if the clinic's revenue exceeded \$10,000 for the week. At his instruction, the clinics accepted cash as the only method of payment, and charged residents of Kentucky \$400 per visit – more than 2.5 times the amount paid by in-state patients. The clinics took in a total of \$1.2 million in cash over two years. When the doctors and other clinic employees voiced concerns about the high volume of Kentucky patients visiting the clinics and the amount of medication that was being prescribed, Leman threatened to fire them. After sentencing, Perrye Turner, special agent in charge of the FBI in Kentucky, said: “Leman turned his patients into addicts and facilitated others in drug dealing, lining his own pockets with the ill-gotten cash proceeds. Prescription pain medication abuse is one of the fastest growing illegal drug problems in the country.”

Mongolian ex-president jailed for corruption - 3 August 2012

Mongolian former President Enkhbayar Nambar has been sentenced to four years in prison for corruption, after a three-day trial in Ulan Bator. The government's anti-corruption agency had alleged that Enkhbayar illegally enriched himself while serving as president; since his arrest in April 2012, Enkhbayar has maintained that the charges were trumped up by rival politicians to derail his political comeback. He plans to appeal. Meanwhile, he has been ordered to forfeit cash and property worth about US\$1 million. The case meant that he was unable to contest a parliamentary election in June 2012, which he was hoping to use as a way to return to Mongolian politics after losing a 2009 presidential election.

Gambling launderer ordered to repay £2 million or return to jail for a decade - 3 August 2012

A professional gambler who staked substantial sums of criminal cash at casinos in Birmingham and London and at horseracing meetings has been ordered to repay £1,984,805 within six months or return to jail for ten years and still owe the money. Jatinder Singh Batth, also known as Micky Singh, was jailed for 18 months in March 2009 after being convicted of laundering criminal cash, including £1.8 million from a 'missing trader' VAT fraud. Assets belonging to Batth currently restrained and frozen by HM Revenue and Customs (HMRC) include: a 50% share in the Coventry Stadium in Brandon, worth around £500,000; a flat in St John's Wood in London, worth over £1 million; a house in north London, worth over £120,000; and various bank accounts. Richard Meadows, Assistant Director of Criminal Investigation for HMRC, said: “Batth's activities ensured he was able to fund a luxurious lifestyle and further increase his wealth using funds derived from criminality. We will not stop in our pursuit to bring those involved in this type of criminal activity before the courts and reclaim their criminal profits for public funds.”

Mexican ex-governor pleads guilty to money laundering - 2 August 2012

Mario Villanueva, governor of Quintana Roo state in Mexico (home to the famous seaside resort of Cancun) from 1993 to 1999, has pleaded guilty in a New York court to laundering millions of dollars of cocaine trafficking proceeds. The money transfers used were administered by Consuelo Marquez, a Lehman Brothers investment

representative who pleaded guilty to money laundering charges in 2005. Villanueva was extradited to the US in May 2010 after serving a six-year sentence in Mexico for money laundering. As part of an agreement with US prosecutors, Villanueva pleaded guilty to one count of money laundering conspiracy, which carries a maximum sentence of 20 years; he will be sentenced on 26 October 2012. Villanueva was part of Mexico's Institutional Revolutionary Party (PRI), which held the presidency from 1929 until 2000.

Turkish Bank fined by FSA for AML failings with regard to correspondent banking - 2 August 2012

It has been announced that on 26 July 2012 the UK's Financial Services Authority (FSA) fined Turkish Bank (UK) Limited (TBUK) £294,000 for AML failings. Between 15 December 2007 (when the Money Laundering Regulations 2007 came into force) and 3 July 2010, Turkish Bank failed to establish and maintain risk-based AML procedures relating to its correspondent banking relationships, or to carry out adequate due diligence on and ongoing monitoring of their respondent banks, or to keep adequate records of any of this activity. According to the FSA's Final Notice: "These breaches gave rise to an unacceptable risk that TBUK could have been used to further money laundering. TBUK's respondents were from jurisdictions (Turkey and Northern Cyprus) which did not have UK-equivalent AML requirements in place. In addition, correspondent banking poses a high risk of money laundering and £114.48 million flowed through TBUK's correspondent banking accounts to which TBUK did not apply the AML controls required by the ML Regulations." TBUK is a wholly owned subsidiary of Turkish Bank Limited which is incorporated in Northern Cyprus. TBUK has a UK head office and six branches in London, where its business is mainly retail, serving customers from the Turkish (including Turkish Cypriot) community.

Online poker companies reach settlement with US government - 31 July 2012

Online poker company PokerStars has agreed to pay US\$731 million [about £466 million] to settle civil lawsuits and to acquire the assets and pay off the debts of its one-time rival Full Tilt Poker (FTP). Both companies have now settled cases brought in April 2011 by the US Department of Justice (DoJ), when the DoJ filed civil cases against the companies and criminal charges against their executives, accusing the companies of engaging in bank fraud, money laundering and illegal gambling operations. Neither company has admitted any wrongdoing. PokerStars has agreed to forfeit \$547 million to the DoJ and to reimburse about \$184 million owed by FTP to foreign players. FTP's US victims will be able to seek compensation from the forfeiture by PokerStars.

Father and son jailed for loan sharking and money laundering - 31 July 2012

James Alston from Preston has been jailed for 18 months for illegal money lending, acting as an unlicensed bookmaker and money laundering, while his son James has been sentenced to twelve months for similar offences. Alston senior operated as a loan shark for six years, with his son joining him for the final two years, and they lent money to friends and then charged steep amounts of interest. One victim borrowed £1,000 and was told to pay back £1,500 in three monthly instalments. The two were

prosecuted by the England Illegal Money Lending Team, the Gambling Commission and Lancashire Trading Standards.

Man jailed for ten months for allowing his account to be used for money laundering - 28 July 2012

Paul Moseley has been jailed for ten months for allowing his bank account to be used for money laundering. Three people contacted a person using Moseley's name who was advertising vehicles for sale in a car trade magazine. In March 2010, a woman paid a £970 deposit for a Land Rover into Moseley's bank – she did not get the car or a refund. Another victim paid a £1,000 deposit for the Land Rover, followed by a balance payment of £3,390. And a third victim paid a £1,000 deposit for a digger. All the money in the account was withdrawn a few days later, and the account was closed. Moseley, of Leicester, initially claimed that he was a victim of identity fraud, but then admitted that he was unemployed and in need of money and had agreed to allow his bank account to be used in this way. None of the money has been recovered.

Wolverhampton brothers sent to prison for money laundering - 27 July 2012

In a follow-up to a story dated 9 July 2012, brothers Carl and Anthony Johnson have each been jailed for two years and nine months for money laundering. Superintendent Mark Payne of the West Midlands Police said that the pair had a “long-standing reputation for violence” in Wolverhampton: “For a number of years the Johnson brothers seem to have been untouchable. However we would like to reassure everyone in Wolverhampton that no-one is above the law.” The Johnson brothers had earned about £2.4 million working as “protection” for Thomas Scragg, who was jailed for 17 years on 9 July 2012 for defrauding the public purse of £34 million. Detective Chief Inspector Shaun Edwards said that his officers received regular calls from people who had seen the Johnson brothers in fancy hotels and restaurants “flaunting their wealth for the local community to see”: “There is nothing more frustrating than seeing criminals driving around in flash cars and living in huge houses. Hard-working people in Wolverhampton expect police and agencies to take action on their behalf.” The brothers' assets, thought to be worth more than £2 million, are now the subject of a confiscation order.

HSBC fined £17.7 million by Mexican regulators for AML failings - 25 July 2012

HSBC has been fined US\$27.5 million [about £17.7 million] by Mexico's National Banking and Securities Commission (CNBV) for failure to comply with Mexican money laundering regulations. Last week, a US Senate committee found that HSBC had provided a conduit for “drug kingpins and rogue nations”, and HSBC's head of compliance, David Bagley, resigned. This is the highest ever fine imposed by the CNBV, and represents 51.5% of the 2011 annual profit of HSBC's Mexican subsidiary. According to the regulator, the fine was imposed on HSBC because of its

“non-compliance with anti-money laundering systems and controls”. HSBC Mexico issued a statement acknowledging that it had failed to report 39 suspicious transactions and had been late in reporting 1,729 others: “HSBC Mexico recognises it failed to strictly comply with banking regulations, and with the standards that regulators and clients expect of our institution.” The US department of justice is conducting a criminal investigation into HSBC’s operations, and this CNBV fine is separate from any settlement the bank might reach with the Americans.

States of Guernsey falls victim to a £2.6 million fraud - 25 July 2012

The States of Guernsey has been defrauded of £2.6 million. Treasury and Resources Minister Gavin St Pier said a payment had been due to be paid to Lagan Construction, which is currently carrying out redevelopment at the island’s airport: the airport redevelopment: “[We] received a fraudulent letter that purported to be from Lagan Construction advising of a change in their bank account. These instructions appeared to be genuine and the department made the change to its systems. So when due [on 10 July 2012] the next monthly payment was paid to the third party’s account and not to Lagan. The department does of course have internal controls in place, clearly these were inadequate in preventing this particular fraud from occurring. The internal controls were immediately changed to prevent a recurrence.” Guernsey Police’s commercial fraud department said that one arrest has been made in the UK, and a small percentage of the funds recovered.

Anti-government campaigner found guilty of money laundering - 24 July 2012

After two years as a fugitive, Shawn Rice – a member of the anti-government group known as Sovereign Movement – has been found guilty in a Nevada court of money laundering and failing to appear in court. He will be sentenced on 24 October 2012, and He could receive up to 20 years for the laundering and 10 years for failure to appear. Rice and co-defendant Samuel Davis laundered US\$1.3 million [about £840,000] between March 2008 and March 2009 – the proceeds of stealing and forging banker’s cheques. The money was laundered through a nominee trust account controlled by Davis (who was paid \$74,000) and a religious organisation controlled by Rice (who was paid \$22,000). Davis is still on the run. Both men belong to the Sovereign Movement group, whose members believe that the US tricked Americans into obtaining identification forms like Social Security cards, and that US currency is invalid. Group members often attempt to disrupt and overthrow the government through intimidation, harassment and violence, and use fraudulent money orders and personal cheques.

Money launderer's auction raises £20,000 in Isle of Man - 23 July 2012

In a follow-up to a story dated 17 July 2012, jewellery, watches and photographs belonging to the jailed money launderer Trevor Baines have been auctioned in the Isle of Man to help pay off his debts. Eighty-nine lots including jewellery, watches, two

photos of Adolf Hitler and a pair of bronze baboons were sold by the Isle of Man coroner. The auction raised more than £20,000, with Baines' personal registration plate – MAN IOU – selling for £1,600.

Mexican politician alleges election money laundering - 19 July 2012

The runner-up in Mexico's presidential election on 1 July 2012, Andres Manuel Lopez Obrador, has alleged that winner Enrique Pena Nieto's campaign used laundered money. He said that money was channelled via front companies to buy pre-paid debit cards that were given to people to encourage them to vote for Pena Nieto. Asked whether they were suggesting the involvement of drug money, Lopez Obrador's legal adviser, Jaime Cardenas, said they did not have conclusive proof of that. Pena Nieto's Institutional Revolutionary Party (PRI) denied the accusations: "We reject as inadmissible the accusations of money laundering, which constitute a flagrant defamation. Mr Lopez Obrador demanded a recount and when it confirmed the result, he changed his argument to massive vote buying, which did not stand up, and now he is launching another unlikely charge of money laundering." Pena Nieto was confirmed as the winner after a final recount, with 38.21% to Lopez Obrador's 31.59%. The electoral court has until early September to rule on the validity of the election and declare a president-elect.

Large Chinese laundry dismantled in Chongqing - 17 July 2012

A Chinese court in Chongqing has convicted 18 people of running a money laundering scheme that moved 62 billion yuan [about £6.2 billion]. Beijing strictly controls cross-border capital movements as part of its effort to preserve savings at home and protect its banking system from external shocks, and prohibits its citizens from taking more than \$50,000 [about £32,000] out of the country per year. Between 2007 and 2011, the criminal gang used fake electronics companies and bank accounts to help clients evade capital controls. In one method, they would take yuan funds from a client and deposit the money in accounts in China, before arranging to have an equivalent amount in foreign currency deposited in the client's accounts overseas. Chongqing police said investigation of the case started from an audit conducted by the National Audit Bureau, which found that 19 companies had inappropriately transferred tens of billions of yuan from company accounts to individual accounts. The gang was led by Chen Huizhuan, a former electronics saleswoman; she has been sentenced to six years in prison and fined more than three million yuan.

Money launderer's jewellery to be auctioned to pay back proceeds - 17 July 2012

Jewellery belonging to Trevor and Wendy Baines will be auctioned in the Isle of Man on 20 July 2012. Eighty-nine lots have been put up for sale by the Isle of Man coroner, the government-appointed bailiff, and it is thought the proceeds from the sale will contribute to clearing Baines' debts. Among the lots are gold, silver and ivory

jewellery, watches, two photos of Adolf Hitler, and a pair of bronze baboons. Auctioneer David McNeill said: "We can't give an estimate but their are some real standout lots. Some of the jewellery is like film-star jewellery." Baines was convicted of money laundering in September 2009 and jailed for six years. In February 2011, Baines' wife Wendy was sentenced to 18 months in prison for stealing £400,000.

"Rogue Traders" presenter sent to prison for benefit fraud - 17 July 2012

Dan Pentead, a presenter on the BBC consumer affairs television programme "Rogue Traders", has been jailed for 12 weeks for benefit fraud. He admitted dishonestly or knowingly claiming housing and council tax benefits by failing to declare his BBC earnings. He first committed the offence in 2007, when he filled out his first claim form and failed to declare he had another bank account; he then repeated the offence until 2011, failing to tell Bournemouth Borough Council that he had been paid more than £56,000 for his work on "Rogue Traders" from 2008 to 2011. As a result of his fraud, Pentead was paid a total of £24,077 in housing and council tax benefits. His solicitor said that Pentead had committed the fraud because he was on a short-term contract with the BBC and made the "very poor judgment not to interrupt the flow of housing benefit". The council brought the prosecution after a member of staff dealing with a benefits claim recognised Pentead from a newspaper article. The chairman of the bench of magistrates said that it had not been a victimless crime and Pentead had "stolen from the public purse in a calculated way". A BBC spokesperson said: "In light of the prosecution, Dan Pentead will not be returning to 'Rogue Traders'."

Serious AML shortcomings found at HSBC - 17 July 2012

An investigation by the US Senate probe has disclosed how lax controls at HSBC, Europe's largest bank, left it vulnerable to money laundering. A year-long inquiry, including a review of 1.4 million documents and interviews with 75 HSBC officials and bank regulators, will be the focus of a hearing on 17 July 2012. The resulting report into HSBC says that huge sums of Mexican drug money almost certainly passed through the bank, along with suspicious funds from Syria, the Cayman Islands, Iran and Saudi Arabia. The report concludes that the US bank regulator, the Office of the Comptroller of the Currency, failed properly to monitor HSBC. Stuart Gulliver, Chief Executive of HSBC, said: "It is right that we will be held accountable and that we take responsibility for fixing what went wrong. As well as answering the subcommittee's questions, we will explain the significant changes we have already made to strengthen our compliance and risk management infrastructure and culture." In a separate statement, HSBC said: "We will apologise, acknowledge these mistakes, answer for our actions and give our absolute commitment to fixing what went wrong."

American baseball player pleads guilty to bankruptcy fraud and money laundering - 13 July 2012

Former New York Mets baseball player Lenny Dykstra has pleaded guilty to secretly selling items from his US\$18 million [about £11.5 million] mansion after he filed for bankruptcy in 2009. He was accused of selling \$400,000 of fixtures, including chandeliers, mirrors, a stove and a grandfather clock, and \$15,000 of baseball equipment and memorabilia, including gloves, balls and bats. He pleaded guilty to bankruptcy fraud, concealment of bankruptcy property and money laundering, and faces up to 20 years in prison when he is sentenced on 3 December 2012. Dykstra is already serving a three-year term in California for grand theft auto and a concurrent 270-day sentence for lewd exposure and assault. In April 2012, he admitted putting advertisements online for personal assistants and housekeeping services and told the women who came to meet him that he also wanted them to give massages. He exposed himself to the women and on one occasion held a knife to force a woman to massage him. Andre Birotte Jr, the US Attorney in Los Angeles, said: "Mr Dykstra's days of playing games with the public and the legal system are over. With these federal convictions, his fraud and deceit have been exposed for all to see."

VAT fraud launderer ordered to repay £6.9 million or serve another decade - 13 July 2012

Kuldip Singh Sander, a money launderer currently serving a seven-year prison sentence, has been ordered to repay £6.9 million within six months or serve a further ten years in jail and still owe the money. This brings the total of Confiscation Orders secured on the gang to nearly £20 million. Sander played a key role in a conspiracy to steal £60 million in an international VAT fraud and money laundering scheme, unravelled during a ten-year investigation by HM Revenue & Customs and leading to the jailing in 2011 of seventeen people for a total of 59 years. He was in charge of laundering for the fraudsters: he took the cash proceeds of crime and placed bets at horseracing events, ranging from £1,000 to £125,000 at a time – despite having no legitimate source of income. He said during one interview that "£200,000 was a small amount of money".

Drug trafficker sentenced in absentia to three years for money laundering - 11 July 2012

Nazam Hussain Ashiq, a Dewsbury man currently serving time in prison in Brazil for drug trafficking, has been sentenced in the UK to three years for his part in an organised crime network which defrauded an insurance company of almost £329,000. In July 2006, Ashiq laundered the £329,000 through a high street bank before travelling to Brazil to conduct a cocaine deal, where he and his colleague William Jones were arrested and convicted in 2007, and each sentenced to more than eleven years in prison. The £329,000 was transferred to an account in the name of Zain Corporation (UK) Limited (where Ashiq was a director) after a fraudulent fax was sent to a bank instructing them to transfer the money from an insurance company, HSB Engineering. Signatory Ashiq immediately transferred £115,000 into the personal account of Mohammed Azam Yaqoob, and £41,500 into the account of William Jones. The balance of the money was withdrawn in cash by Ashiq himself over the next two days. After Ashiq and Jones were arrested in Brazil, the Serious Organised Crime Agency arrested and charged Yaqoob and three others with fraud

and money laundering. They are all now serving prison sentences, and a financial investigation is underway.

Brazilian senator expelled on suspicion of corruption - 11 July 2012

Brazilian Senator Demostenes Torres has been expelled from the Senate over alleged links with a gambling ring. He is only the second senator to be removed from his post by his fellow colleagues in the Senate's 188-year history. Police allege that Torres helped gambling magnate businessman Carlos Augusto Ramos – better known as Carlinhos Cachoeira – obtain favours for his companies, such as official permits and government contracts, in exchange for US\$1.5 million [about £983,000]. Ramos was arrested in February 2012 on suspicion of money laundering and running an illegal gambling ring. Torres denies any wrongdoing, and says he is being made a scapegoat for the corruption scandal. However, Senator Humberto Costa, who led the Senate ethics hearing into Torres' behaviour, said the evidence against him was “resounding”, with the police recording 653 telephone conversations and forty meetings between Ramos and Torres over the past year. Prosecutors have Brazil's Supreme Court to open an investigation into the ex-senator's actions.

Fifteen jailed for VAT fraud and money laundering - 10 July 2012

A gang of fifteen who attempted to defraud more than £176 million of VAT through complex mobile phone trading scams has been sent to prison. The ringleader, Dilawar Ravjani, was sentenced to seventeen years – the longest sentence ever given to an individual in the UK for this type of fraud. The gang claimed to have sold four million mobile phones worth £1.7 billion. However, in many cases the phones did not exist, including 250,000 which had not yet been launched in the UK. In an attempt to make the trade appear legitimate, over 5,700 fake business transactions were created in order to claim large amounts of VAT. An investigation was launched by HM Revenue & Customs (HMRC) in May 2006; the first arrests were made within three weeks and prevented an attempted £176 million fraud (although tax losses of £107 million had already been sustained). HMRC also prevented the payment of fraudulent VAT repayment claims totalling £109 million submitted by companies linked to the scam. Chris Martin, HMRC Assistant Director of Criminal Investigation, said: “Fraud on this scale causes immense damage to the tax revenues of the UK and the EU. This was a complex and well-organised fraud which made a huge profit for the gang at the expense of UK taxpayers. We will now seek to recover the proceeds of this crime.” The proceeds from the fraud were laundered using a company called Property and Management Services Limited, run by Ravjani's sister Roshan Hussain, as well as an offshore bank, car sales businesses, a property investment company and a loans company. Officers seized around £170,000 in cash at the time of the arrests, and confiscation proceedings are now underway to recover further assets.

Four jailed for tax and VAT fraud and money laundering through the construction industry - 9 July 2012

Thomas Scragg and Paul Phillips, who carried out a £34 million tax and VAT fraud by laundering cash through the construction industry, were jailed in November 2010: Scragg was given a total sentence of seventeen years, while Phillips was given nine

years. Brothers Carl and Anthony Johnson have now been found guilty of laundering the money for them, and so reporting restrictions around the case have been lifted. To carry out the fraud, Scragg and Phillips set up several payroll companies dealing with construction work. They collected PAYE payments but did not pass them to HM Revenue and Customs (HMRC); instead, the cash was passed to a second layer of fraudulent payroll companies, which, according to HMRC, “were used to channel the money, and provide distance from the fraud, by transferring it to a third layer of fraudulent companies, all dormant, set up purely to launder the funds for cash – the workforce would be paid ‘cash in hand’ without any deductions being made and VAT for work carried out went unaccounted.”

A five-year investigation by HMRC, West Midlands Police, the Regional Organised Crime Unit (ROCU), the Regional Asset Recovery Team (RART) and CPS lawyers showed that the Johnson brothers had laundered £2.4 million, and “flaunted their wealth for the local Wolverhampton community to see, which is what ultimately led to their downfall”. They installed state-of-the-art security equipment in their homes, including bulletproof glass, and also built a cinema room, stables and dog kennels. They owned several cars, including a Lamborghini Murcielago, a Bentley Continental, a Porsche Cayenne and a Ferrari Spider. Their assets, including properties worth more than £2 million, are now the subject of confiscation proceedings.

Another Haiti telecoms official goes to prison for money laundering - 9 July 2012

A former Haitian government official charged in connection with an alleged bribery scheme has been sentenced to a year and a day in prison for money laundering. Patrick Joseph was a director at Haiti’s state-owned telecommunications company – Haiti Teleco – and was charged as part of an investigation into the payment of bribes by two Florida telecoms companies to Haiti Teleco in return for preferred rates and other business advantages. Thirteen people have so far been charged, including Joel Esquenazi and Carlos Rodriguez who were executives of Terra Telecommunications Corporation in Florida; Esquenazi’s sentence of fifteen years is the longest-ever sentence given for violating the Foreign Corrupt Practices Act. Joseph was charged in January 2012 and initially faced up to twenty years in prison, but his sentence was reduced because of his early guilty plea and his co-operation with the investigation. He was also ordered to forfeit nearly US\$1 million [about £645,000].

Guernsey banker sentenced to five years for money laundering - 6 July 2012

In a follow-up to a story dated 21 May 2012, Guernsey former banker Paul Ludden has been sentenced to five years in prison for money laundering. Sentencing, Judge Russell Finch said that Ludden’s crime had struck at the heart of the island’s reputation. Former SG Hambros employee Ludden had benefitted by more than a million pounds from his laundering and was charged with eleven counts of stealing £650,000, between 2000 and 2007, from a client’s account. Apparently he spent the

money on lavish gifts for exotic dancers, and an engagement ring for his innocent son. Ludden denied the theft allegations and a twelfth charge of disguising the proceeds of crime, as well as an alternative count of money laundering, but changed his plea on this alternative count when all evidence had been heard. Judge Finch said that it was very late in the day for a man of Ludden's experience to realise that he had been involved in crime: "It's high time you wised up," he told the banker.

UK property millionaire pleads guilty to tax evasion - 5 July 2012

Michael Shanly, a property developer, has pleaded guilty to failing to disclose a Swiss offshore account to HM Revenue & Customs (HMRC), during a civil enquiry where he was found to owe HMRC around £1.5 million. He has been ordered to pay fines and compensation totalling £830,000, plus costs. The account was discovered when information about UK taxpayers with HSBC bank accounts in Geneva was handed over to HMRC; checks were then made to establish whether these account holders had declared and paid what they owed, and this is the first of those cases to come to court. Shanly, who features on the *Sunday Times* Rich List, opened the account with his and his mother's money. When his mother died, he closed the account and transferred all the money – thereby avoiding £430,000 in inheritance tax. Chris Martin, Assistant Director, HMRC Criminal Investigation said: "Mr Shanly – like others – took advantage of his offshore account to hide money that was owed to the public purse. He thought it was out of reach of HMRC and hoped we would never find it. However we discovered it, and he will pay a heavy penalty." Sentencing, Recorder Rosamund Horwood-Smart QC said: "In this court there are no rules just for the rich and no rules just for the poor. The tax system relies on voluntary and honest disclosure of tax affairs and it applies to all equally."

Drug trafficker ordered to hand over criminal proceeds or serve more time in prison - 5 July 2012

Edward Morton, a drug trafficker currently serving 24 years in prison for trafficking cocaine into the UK, has been ordered to hand over his illicit profits. A Confiscation Order of £418,716 has been granted against Morton; if he defaults on the Order he will have to serve a further 3½ years while still being liable for the money owed. Morton conspired with at least seven others in West Yorkshire, Northamptonshire and the Midlands to import and distribute the drugs by arranging for one of the criminal group to drive to the Netherlands, make the collections and bring them back into the UK in a hidden compartment of his van. The other members of the group have been sentenced to a total of 82 years' imprisonment. Paul McDonald of the Serious Organised Crime Agency said: "Criminals who traffic in significant volumes of controlled drugs and bring misery to their communities cannot only expect a hefty prison sentence but also a robust enquiry into their financial circumstances. Morton is now counting the cost of his criminal career." This brings to total value of Confiscation Orders made against this crime group to £770,446.

Yet another "Dwek rabbi" sent to prison for money laundering - 3 July 2012

In yet more fall-out from the Solomon Dwek case, Rabbi Mordchai Fish has been sentenced to 46 months in prison for laundering nearly a million dollars through a religious charity. In a statement to the court, Fish said: "I have been living in shame. It is hell for me every day. I don't blame anyone but myself. I was wrong. I was so very wrong." Fish was one of five rabbis arrested in a political corruption and

money laundering sting operation three years ago, that stretched from southern New Jersey to Brooklyn. All have pleaded guilty. Fish himself admitted laundering money for Solomon Dwek, a disgraced real estate agent and Ponzi fraudster who became a government informant in 2006 after his arrest for a US\$50 million [about £32 million] bank fraud. Dwek told Fish and others in the sting that the money was proceeds from the sale of illegal handbags, or that he needed to hide the money from bankruptcy proceedings. Fish took cheques from Dwek and deposited them with a religious charity he controlled, then gave Dwek cash minus a 10% commission.

Madoff brother admits involvement in Ponzi fraud - 29 June 2012

Peter Madoff, brother of convicted Ponzi fraudster Bernie, has pleaded guilty to charges relating to the US\$65 billion [about £41 billion] fraud. Peter admitted conspiracy and falsifying financial records, and has agreed to a ten-year prison sentence and to the surrender of all his assets. He told the judge that he was “deeply ashamed and terribly sorry”, but that he had not known about the fraud until December 2008, when his brother admitted to it. Bernie has repeatedly denied that his brother had any involvement in the scheme, but Peter told the court that he had helped his brother send what remained of the money to a select group of people that included some friends and relatives: “I was shocked and devastated but nevertheless I did as my brother had said, as I had consistently done for decades.” Prosecutors also told the court that sometimes Peter would sign weeks of compliance reports in a single sitting, changing pens and ink colours to give the impression they had been signed at different times. “Peter Madoff played an essential enabling role in the largest investment fraud in US history. He made a pretence of compliance; he was really about complicity,” said FBI Assistant Director Janice Fedarcyk. “The Madoff investment empire, built on a foundation of deceit, was a house of cards that grew to skyscraper proportions. As Peter Madoff has admitted today, he was one of the chief architects.” Peter was released on \$5 million bail, and will be formally sentenced on 4 October 2012.

Vatican Bank holds a press conference to "remove the veil and shadow of the past" - 28 June 2012

Paolo Cipriani, the director of the Vatican Bank, has given his first press conference, saying that his aim was to “remove the veil and shadow of the past and do the utmost to respect the needs of the Holy See”. In a PowerPoint presentation lasting nearly three hours, he highlighted the peculiar nature of the Institute for Religious Works (IOR – as the bank is properly known) and stressed its internal and external financial controls. However, TV cameras and tape recorders were not allowed, and all questions had been supplied to Cipriani beforehand. He dismissed media allegations that the IOR has been un-cooperative with requests for financial information from banks such as JPMorgan and from the Italian authorities. The presentation comes on the eve of a crucial decision by MONEYVAL (a Council of Europe committee) on whether the Vatican has complied with anti-money laundering and anti-terrorist financing standards. A good compliance grade will enhance the Vatican’s chances of eventually getting on the “white list” of countries that share financial information – a keen aim of both Pope Benedict XVI and Cipriani, since the bank has to deal with financial institutions that insist on such transparency.

The IOR is not a traditional bank, but rather an institution that provides financial services – such as bank transfers and financial advice – for entities in 150 countries. It has about 35,000 accounts belonging to religious congregations, dioceses, Holy See offices, diplomats and Vatican officials, and relies on commercial banks in Italy and elsewhere to carry out its transactions. Cipriani said that the IOR has about €6 billion [about £4.8 billion] in assets and that it makes conservative, ethically-minded investments – about 5% in the stock market and the bulk in bonds. He also confirmed that the IOR does not do any business with offshore banks, that it applies regular customer due diligence and internationally-approved bank transfer measures, and that it has a fully functioning anti-money laundering system of checks – he went on to describe in detail the various checks carried out to ensure that the money coming into and out of the IOR's accounts is clean.

"Demented" tax fraudster sent to prison - 28 June 2012

Samuel Jones and his wife Lorraine have been sent to prison for a £500,000 tax fraud. The couple denied running a tarmac business and claimed that their money was from inheritance and gambling. They failed to declare income tax or to pay National Insurance Contributions or VAT for ten years before they were arrested by HM Revenue & Customs investigators. During this time they spent £1.6 million on eleven properties in Somerset and put £1.4 million into over eighty bank accounts – including those belonging to their three children, and some held in the false "John Pope". They also bought three Porsches using false names, and a Range Rover and several Mercedes. Shortly before their trial was due to commence in March 2011, Samuel Jones submitted a note to the court detailing his "early stages of dementia". Subsequent medical testing, including memory tests that Jones tried to fail on purpose, showed he does not have dementia and was fit for trial. On the first day of the trial – 21 May 2012 – Lorraine Jones pleaded guilty, and she has been jailed for 3½ years. Her husband was found guilty on 30 May 2012 and was sentenced to four years in jail. Sentencing, HHJ Picton said: "This was an exercise in tax evasion, it persisted for a decade, was breath-taking and wholly deliberate, deeply dishonest and carefully thought through with one objective: to evade tax." A confiscation timetable has been set down by the court.

German banker sent to prison for Formula One bribery offences - 27 June 2012

Gerhard Gribkowsky, a German former banking executive, has been sentenced to 8½ years in prison for taking US\$44 million [about £28 million] in alleged bribes from a Formula One mogul in connection with the sale of a stake in the motor-racing franchise. Gribkowsky, the former chief risk officer of German lender BayernLB, was convicted in Munich of tax evasion, bribery and embezzlement after admitting to it all. He helped facilitate the sale of BayernLB's roughly 50% stake in Formula One's holding company to CVC Capital Partners for an undisclosed amount in 2005. Bernie Ecclestone, the chief of Formula One, remained in post with a 25% equity stake in the company – although he clashed repeatedly with BayernLB as he tried to keep his hold on the board of Formula One. Ecclestone acknowledged in court last year that he had paid Gribkowsky, but said he did it because he felt he was being blackmailed. Ecclestone is now under investigation.

Drug smuggler ordered to pay back £275,000 or face three more years in prison - 27 June 2012

Mohammed Aadel Anwar, the head of an international drugs trafficking group, has been ordered to hand over more than £275,000 of his criminal profits. If Anwar, from Essex and known as "Bigs", fails to meet the Order, he will face a further three years in prison and assets including his family home

in Ilford and a restaurant in London will be confiscated. Anwar's London-based crime group conspired with another criminal group in Merseyside to import Class A and B drugs under the guise of legitimate courier companies from the Netherlands. They imported cocaine, heroin and cannabis hidden in blue steel drums of water-based primer. The primer was removed from the drums and replaced with the drugs and shipped by courier to a fake business address in Merseyside. After keeping them under surveillance, in October 2009 officers from the Serious Organised Crime Agency arrested eight members of the groups and seized 44kg of heroin, a tonne of cannabis and 22kg of amphetamine sulphate. Anwar fled to Pakistan and Morocco but was arrested in July 2010 trying to re-enter the UK. In March 2011 he was sentenced to 24 years in prison, and given a Travel Restriction Order preventing him from travelling outside the UK for four years after his release from prison. A Financial Reporting Order was also granted whereby he must regularly report his finances for the next fifteen years.

Biofuel fraudster found guilty of money laundering - 26 June 2012

Rodney Hailey, of Maryland in the US, has been found guilty of selling US\$9.1 million [about £5.8 million] in fraudulent renewable energy credits, money laundering, wire fraud and violation of the Clean Air Act. He sold the credit for biodiesel fuel that his company did not actually produce, and in closing arguments prosecutors said that he produced "produced nothing but lies". Hailey's company, Clean Green Fuel, purported to produce biodiesel fuel made from used fryer oil and other renewable sources and sold credits under a federal programme designed to help increase production of clean energy sources – oil companies are being required to produce renewable fuels such as biodiesel, made from vegetable oils, or purchase credits from producers of those fuels. With the proceeds of the fraud, Hailey bought two dozen luxury cars, leading a neighbour to complain about those cars being parked at a school bus stop and so tipping off authorities. Hailey's defence was that he hadn't defrauded anyone because traders and brokers knew the credits were fake; anyone who followed the market for biofuels would have known that Clean Green Fuel could not have been producing the amount claimed. Hailey faces up to 20 years in prison for each of eight wire fraud counts, 10 years each for 32 counts of money laundering, and two years each for two Clean Air Act counts. Not all of the money has been recovered.

FATF updates its list of jurisdictions with strategic AML deficiencies - 25 June 2012

At its plenary meeting in Rome, 20-22 June 2012, the Financial Action Task Force updated its list of jurisdictions deemed to have "strategic deficiencies" in their AML/CFT regime. Comparing this new list with the list as it was last issued in February 2012:

- ☹☹☹☹ Iran and North Korea remain at the highest level of concern, with counter-measures recommended against them
- ☹☹☹☹ Ecuador, Vietnam and Yemen have moved up a level – they now join the second tier of jurisdictions
- ☹☹☹☹ Kenya, Myanmar and Turkey have made insufficient progress, and face countermeasures if they do not make changes by October 2012



⌘⌘⌘⌘⌘ Turkmenistan has been removed from the list entirely.

Otherwise, the list remains unchanged, although the FATF has issued a paragraph about each jurisdiction on it, updating their comments on each.

Corrupt potato buyer gets his chips - 22 June 2012

The head potato buyer at Sainsbury's, John Maylam, who took bribes from supplier Greenvale in return for lucrative contracts with the chain, has been jailed for four years. Maylam colluded with Greenvale accounts manager David Baxter to artificially inflate the price of potatoes, and overcharge Sainsbury's by nearly £9 million. The surplus was then put in a bank account for "frivolous spending" including on a luxury trip to Monaco, lengthy stays at top hotels, meals at expensive restaurants and a £94,000 Aston Martin. Maylam was given cash bribes of about £20,000 a month – which were authorised by Greenvale's then finance director Andrew Behagg. Judge Nicholas Ainley said it was "very nearly as serious a case of corruption as I can imagine" that involved Sainsbury's "being bribed with its own money": "This is a case of corruption involving theft on a huge scale. Corruption because Greenvale wanted to keep the Sainsbury's contract, a contract for 45% of Sainsbury's potato contract worth about £40 million, and they offered Maylam, the Sainsbury's buyer, all the lavish entertainment he wanted, over £1 million of it." Baxter was jailed for 30 months, and Behagg for three years. All three had been employed by their firms for many years: Maylam worked for Sainsbury's for about 20 years, while Greenvale had employed Baxter for 30 years and Behagg for "all his life". They have all now been sacked. Sainsbury's and Greenvale have both applied for compensation, and a confiscation hearing will take place in 2013.

UBS International Life Limited fined €65,000 for AML failings - 21 June 2012

The Central Bank of Ireland (CBI) has fined UBS International Life Limited €65,000 [about £52,000] for failing to comply with AML legislation in the form of the Criminal Justice Act (2010). The institute failed to demonstrate that it had trained its staff on the AML/CFT legislation for up to six months, and in some cases nine months, after the legislation had been introduced. It had also failed to adopt adequate written policies and procedures in relation to the identification and reporting of suspicious transactions, and failed to comply with CDD requirements. This is the CBI's first sanction for non-compliance since the law came into effect in July 2010, and their director of enforcement said: "Firms must adopt robust and effective policies and procedures to prevent and detect money laundering and terrorist financing including ensuring that policies, procedures and business practices are updated in timely manner on foot of changes to regulatory practices."

Accounts assistant jailed for stealing £200,000 from employer - 20 June 2012

Part-time accounts assistant Kirsty Lane, who stole £200,000 from her employer Pure AV, has been jailed for 20 months. She stole about £122,000 from the Leyland company, which installs audio-visual equipment, by putting in fake invoices, marking them as paid and then depositing the money into her own account. She also diverted about £70,000 through her husband Graham's account, telling him that it was savings, salary and bonuses, and about £6,000 was transferred into a third account. Lane spent much of the money on a lavish wedding in January 2011, and also bought luxury

items such as car keys covered in Swarovski crystals and personalised car registration plates. Her defence lawyer said that her client suffered from low esteem, and that the offending coincided with the time she met her husband: “She felt that money and the trappings that money could buy would make her a more attractive proposition”. Sentencing Judge Pamela Badley said that Lane’s behaviour had been “fraudulent from the outset” and told her she had taken part in a “cynical exploitation of the small company for which you worked”. Her former boss Peter Sutton said that Lane had been “a trusted member of the team and she had been in that position for a number of years”. Graham Lane has already been found not guilty of money laundering.

UK hands out longest-ever sentence for insider dealing - 20 June 2012

James Sanders, a director of now-defunct UK brokerage Blue Index, his wife Miranda and co-director James Swallow, have been jailed for insider dealing. The three pleaded guilty in May 2012 to insider dealing between October 2006 and February 2008. The Financial Services Authority (FSA), which brought the prosecution in the UK, reported that they made almost £2 million in profits from illegal share dealings, while Blue Index clients made around £10.2 million. James Sanders – whose mantra was “Buy at the point of maximum fear”, ran Blue Index as a specialist brokerage of contracts for differences (CFD), a tax-efficient trade that allows dealers to speculate on short-term price fluctuations of assets. The FSA, which worked with US regulators and prosecutors to secure the convictions, said the insider in the case was Miranda Sanders’s brother-in-law Arnold McClellan, a senior partner at the San Francisco branch of accounting firm Deloitte. It was alleged that either Miranda’s sister Annabel McClellan or her husband Arnold leaked privileged, price-sensitive information to the Sanders about US listed securities. James Sanders then disclosed the information to James Swallow and encouraged Blue Index clients to trade on the basis of that inside information – thereby boosting company profits, dividends and bonuses. Annabel McClellan has already been jailed for eleven months and fined US\$1 million. No charges have been brought against Arnold McClellan. James Sanders was given a four-year prison sentence – the longest sentence for insider trading to date in the UK. Miranda Sanders and Swallow were each jailed for ten months.

Pair sent to prison for defrauding the "Boris bike" scheme - 18 June 2012

Nana Boateng and Jose Dias have been jailed for nine and six months respectively for defrauding the “Boris bike” scheme of up to £42,000. Between September and December 2010, the two made bogus refund payments from the London cycle hire scheme to seven friends while working for Serco, the company operating the bike programme for Transport for London (TfL). They exploited the fact that users who are wrongly charged by the scheme are refunded in cash, and that such refunds are rarely checked by TfL. For instance, a customer will be refunded if they are erroneously issued the £300 fine levied for failing to dock their bike properly. Boateng paid out £17,400 in fraudulent refunds, while Dias paid out £24,800 over a two-day period. Another former Serco employee, Devina Joseph-Albert, had previously admitted money laundering and was sentenced to nine weeks’ imprisonment suspended for 12 months and ordered to carry out 100 hours of unpaid work. The beneficiaries of the fraudulent repayments were all given community sentences for money laundering.

Stanford sentenced to 110 years in prison for Ponzi fraud - 14 June 2012

Texan financier Allen Stanford has been sentenced to 110 years in prison for his part in a US\$7 billion [about £4.5 billion] Ponzi fraud. His lawyers had suggested that a suitable sentence would be 44 months. At his sentencing, Stanford told the court “I did not defraud anybody”. According to documents filed by the prosecution, Stanford is “a ruthless predator responsible for one of the most egregious frauds in history”. He was convicted in March 2012 of running the Ponzi scheme for more than two decades. The jury also found that \$330 million held in offshore bank accounts – including one called the “Baby Mama Trust” for a woman who had children with Stanford – should be returned to investors. Victims of the fraud have yet to recover any money, and as the court-appointed receiver has calculated Stanford’s assets at \$500 million, many of them are likely to be disappointed.

Stanford lived a life of luxury on the proceeds from the fraud, flying a tailor on his private plane to his homes in Miami and Antigua and bankrolling international cricket tournaments in the UK and the Caribbean. The court heard that he bribed an accountant to sign off on his financial statements, and bribed Antiguan regulators to help obstruct a Securities and Exchange Commission investigation into his Stanford International bank. On two occasions in 2008, prosecutors said, Stanford directed the manager of his St Croix estate “to fill empty barrels with Stanford’s bank records and other personal financial information, and he then torched the documents”.

OFAC levies its largest-ever penalty, on ING Bank for sanctions failings - 12 June 2012

The US Department of the Treasury’s Office of Foreign Assets Control (OFAC) has announced a US\$619 million [about £400 million] settlement with ING Bank NV to settle potential liability for apparent violations of US sanctions. This is the largest OFAC settlement of any kind to date, and concludes OFAC’s investigation into ING Bank’s intentional manipulation and deletion of information about US-sanctioned parties in more than 20,000 financial and trade transactions between 2002 and 2007 routed through third-party banks located in the US, and primarily in apparent violation of sanctions against Cuba, Iran, Burma, Sudan and Libya. Beginning in the 1990s, and at the instruction of senior bank management, ING Bank employees in Curaçao began omitting references to Cuba in payment messages sent to the US in order to prevent US financial institutions from identifying and interdicting prohibited transactions. The practice of removing and omitting such information with regard to Cuba and other jurisdictions was also used by other branches of ING Bank’s Wholesale Banking Division, including in France, Belgium, and the Netherlands, in processing US dollar payments and trade finance transactions through the US. The apparent violations totalled more than \$1.6 billion.

Mexican drug trafficker arrested for laundering money through US racehorses - 12 June 2012

US federal prosecutors have arrested and charged Jose Trevino Morales – the brother of suspected drug lord Miguel Angel Trevino – and dismantled a major money laundering operation involving horse racing. Morales and six others were arrested at a ranch in

Oklahoma and a race-track in New Mexico, although Trevino remains at large. Trevino, Morales and their Zetas drug cartel are suspected of using millions of dollars of drug money and a company called Tremor Enterprises to buy, train, breed and race some of the best American racehorses, even winning some important races. Some of the horses had names with drug references, such as Corona Coronita Cartel and Number One Cartel. Richard Weber, chief of the US Internal Revenue Service's criminal investigation, said that Mexican drug gangs are always trying "to establish footholds in legitimate US industries". The Zetas are one of the most powerful and ruthless drug cartels in Mexico and Trevino, known as "Z40", is believed to be the leader of the organisation.

Runaway NZ "accidental millionaire" pleads guilty to theft - 12 June 2012

In a follow-up to a story dated 18 May 2012, runaway "accidental millionaire" Leo Gao has pleaded guilty to theft of more than NZ\$6 million [about £3 million]. Hui Gao, known as Leo, was charged with theft and money laundering after Westpac accidentally loaded a \$10 million overdraft on his account in April 2009, rather than the \$100,000 he had applied for. He and his partner Kara Hurring then fled the country. Gao was finally arrested crossing from China to Hong Kong in September 2011, and was returned to New Zealand in December 2011. Hurring spent 22 months in China before she was arrested in February 2012 after travelling back to Auckland to obtain a passport for her daughter. In May 2012, she was found guilty of theft, dishonesty and money laundering, and will be sentenced on 24 August 2012. Gao has been released on bail and will be sentenced on the same day.

Prominent Boston attorney found guilty of money laundering - 8 June 2012

Robert George, a prominent Boston defence attorney, has been found guilty of money laundering. George denied conspiring to help a former client launder drug money for a fee, and accused federal prosecutors of retaliating against him because he defended a man accused of plotting to kill a federal prosecutor in 2007. However, secret recordings introduced in court revealed what Assistant US Attorney Laura Kaplan called "a 30-year member of the bar, an attorney, an attorney who strayed far afield from the law". Confronted with the tapes, former Mafia enforcer Ronnie Dardinski acknowledged under cross-examination that he had called George repeatedly to talk about how to launder money. George has a long list of high-profile clients, including organised crime figures Francis "Cadillac Frank" Salemme and John Martorano. He also represented Christopher McCowen, a bin-man convicted in the 2002 murder of Cape Cod fashion writer Christa Worthington. He will be sentenced on 19 September 2012, and faces up to twenty years in prison.

Malaysian company director sent to prison for fraud and money laundering - 8 June 2012

Abdul Majid Rana, the Pakistani managing director of Murad Hashim Communications Sdn Bhd, has been sentenced by a court in Malaysia to 30 months in prison and a fine of MYR 3.7 million [about £750,000] after being found guilty of laundering more than MYR 2.4 million. He was also sentenced to seven years (to be served consecutively) and fined MYR 350,000 for

cheating seven contractors. He deceived them into believing that his company could help them secure a project to build the 3G MITV telecommunication tower from MITV Corporation Sdn Bhd, and so they handed over cash and cheques totalling MYR 1.75 million. Judge Azizah Mahmud said that Rana had cheated people who had trusted him, and then laundered the money by transferring it into his personal account: "The accused purchased two luxury cars, with monthly payments... from his own account and not through a bank loan".

Arafat "moneyman" sentenced to prison for embezzlement - 7 June 2012

The Palestinian anti-corruption court in Ramallah has convicted Mohammed Rashid – the “moneyman” of the late leader Yasser Arafat – of siphoning off millions of dollars in public funds, finding him guilty of embezzlement and money laundering, and has sentenced him to 15 years in prison. He was also fined US\$15 million [about £9.7 million] and his properties were confiscated. Rashid, who has always protested his innocence, was sentenced in absentia: he left the Palestinian territories after Arafat’s death in November 2004 and has rarely been seen since. Along with two associates, he was accused of stealing \$33.5 million from the foreign donor-financed Palestinian Investment Fund. It is not clear why Arafat put Rashid, a former journalist with no business training, in charge of most of his finances. In 2003, the international community became concerned about millions in foreign aid going to waste and asked Palestinian economist Salam Fayyad to supervise Palestinian Authority spending. Fayyad is now prime minister of the West Bank-based Palestinian Authority, and two years ago set up an anti-corruption commission and related court – the investigation into Rashid is their highest-profile work so far.

Hackers jailed for fraud and money laundering - 6 June 2012

Jay Moore, who set up the ‘Freshshop’ website to facilitate the bulk sale of stolen financial data, and his recruit Damian Horne have been sent to prison for three years and 21 months respectively. Moore has also been made subject to a Serious Crime Prevention Order. The two men met through an online hackers’ chat-room, and started selling stolen iTunes vouchers and other online gaming codes on eBay. They moved on to selling compromised credit card data, laundering the proceeds through a network of bank accounts, online financial institutions and overseas money exchangers. They also allowed other criminals to sell stolen data on the Freshshop website and took a commission. Horne used his personal bank account to receive criminal funds received through the website and posted bundles of cash to Moore. When SOCA officers raided his parents’ home in 2011, Moore was found in control of a bank of computers logged on to the Freshshop website. In his bedroom was a safe containing over £80,000 in cash. He had also bought a BMW and personalised registration plate and given his father £40,000 towards a property; he claimed that his earnings were from a web design business.

Moore’s computers held the payment card details of more than 340,000 individuals, and fraud losses attributed to card details available on his website have been reported as being in excess of £26.9 million by the card issuers – although this is agreed to be a conservative figure. In addition, the information brokered by Moore would also have

been sufficient to enable fake bank accounts to be set up, and so used to commit further fraud, such as cheque or identity fraud. Moore's profits included £170,000 credited to his bank account and the £80,000 in the safe. In order to launder his money, Moore recruited two friends to collect money on his behalf from Western Union outlets in the Bristol area – Lewis Danter and John Allen have pleaded guilty to money laundering offences. SOCA is continuing to investigate those persons who used the Freshshop website.

Hip-hop music manager found guilty of drug trafficking and money laundering - 5 June 2012

Hip-hop manager James "Jimmy Henchman" Rosemond has been found guilty in a Brooklyn court of drug trafficking and money laundering. Assistant US Attorney Lan Nguyen had called the defendant a drug "kingpin" who used the music business as a front for his cross-country cocaine distribution ring. Six former members of Rosemond's crew testified that they used Federal Express and UPS to ship the drugs concealed in music equipment cases, and that the packages of cocaine were slathered with mustard to thwart law enforcement's drug-sniffing dogs. Rosemond represented rapper The Game and for several years managed actor Michael Williams of "The Wire". Brooklyn US Attorney Loretta Lynch said: "Hiding behind his image as a music mogul, he pretended to work to bring music and creativity to his community. The trial showed he was nothing more than a calculating drug dealer." Rosemond was on the run for nearly two months before federal agents arrested him in June 2011. He faces up to life in prison, and his lawyer said that the verdict would be appealed.

Ghanaian footballer pleads guilty to money laundering - 1 June 2012

Elvis Hammond, a former striker for the Ghanaian international football team, has admitted money laundering after transferring criminal property worth £278,532 from Ghana. Hammond, currently living in Surrey, was on trial in Oxford along with Victor Williams of north London. An investigation was launched by Thames Valley Police's economic crime unit in June 2009 when a payment was made to a bank account in the name of H & W Enterprise Limited, supposedly a refund for a property deal in Ghana. The money was frozen while detectives travelled to Ghana and discovered fraudulent documents showing four unauthorised transfers totalling US\$1.27 million [about £820,000] to the UK and Cyprus. Hammond and Williams, directors of H & W Enterprise Limited, were charged in January 2010, but shortly before standing trial the pair provided sale contracts and plans purporting to show that Williams' family had sold land in Ghana. The trial was suspended and detectives again travelled to Ghana and obtained evidence to prove that the documents were false. Following this both men pleaded guilty, and they are due to be sentenced on 8 June 2012.

Israeli money launderer sent to prison in NY rabbi case - 1 June 2012

Levi Deutsch, an Israeli citizen, has been sentenced to eighteen months in prison and ordered to forfeit US\$25,000 [about £16,000] after pleading guilty to money laundering. The

Brooklyn, NY resident was part of a scheme to launder money through religious charities. He took \$200,000 in cheques from government informant Solomon Dwek and returned about 90% of it in cash after taking a percentage as a fee. Dwek told Deutsch that the money came from the sale of counterfeit handbags. About two-thirds of the 46 people arrested in the sting have pleaded guilty or been convicted.

Laundering Manx lawyer loses her bid to appeal - 30 May 2012

Isle of Man lawyer Jenny Holt has lost her bid to apply to the Judicial Committee of the Privy Council (the final court of appeal for the Crown Dependencies). In January 2011, Holt was given a 12-month suspended sentence for laundering £400,000 stolen from a trust fund by Trevor and Wendy Baines, and convicted of falsifying documents. In February 2012 she failed to have the conviction overturned in the Manx courts. The court considered what test should be applied in a case where a person convicted of a criminal offence seeks leave to appeal to the Judicial Committee, and Appeal Judge Tattersall and first Deemster Doyle concluded they must be satisfied a serious risk of miscarriage of justice may have occurred. Holt's advocate Richard Halsall argued that there was insufficient evidence for a properly directed jury to convict her and that the jury had been misdirected as to the law, making the convictions unsafe. However, the court said that its judgment on Holt's previous appeal dealt with those same areas and had already dismissed them, and it therefore declined to grant leave to appeal against its own decision. Holt's legal team has now sent an application for leave to appeal to the Privy Council in London.

Malaysian jailed for laundering through Australian currency exchange companies - 29 May 2012

Malaysian Wong Lai Yean has been jailed for five years and nine months in Melbourne after pleading guilty to laundering A\$6.2 million [about £3.9 million] and sending it to China. Wong was arrested in November 2011 with \$63,000 in cash, six mobile phones and deposit receipts for \$191,000 in his backpack. Police also found nearly a thousand counterfeit credit cards at his house. Prosecutors said that Wong had arrived in Australia in early 2011 and then made suspicious cash deposits totalling \$6,297,187 with currency exchange companies in Melbourne, Sydney and Perth. His defence lawyer said that Wong had been paid about \$30,000 to make the transfers – money he needed to clear a gambling debt in Hong Kong.

Vatican bank fires its chairman - 25 May 2012

The Vatican bank has fired its chairman Ettore Gotti Tedeschi. In a vote of no-confidence, the board of directors unanimously agreed to remove Tedeschi, a Banco Santander SA banker who took the job in 2009, from his post for failing "to carry out various duties of primary importance", according to a statement by Vatican spokesman Federico Lombardi. Tedeschi himself told reporters in Rome, "I would rather say nothing otherwise I would only have ugly words to say". The bank – set up in 1942 to manage the Vatican's finances and known formally as the Institute for the Works of Religion, or IOR – is now looking for a replacement who can "restore" relations with the financial community. After barely a year in office, Tedeschi, who also teaches ethics in finance at Milan's Catholic University, was taken by surprise when Italian prosecutors in 2010 seized 23 million euro [about £18.5 million] from a Rome bank account registered to the IOR amid suspicions of money laundering. Tedeschi and Director General Paolo Cipriani were placed under investigation for allegedly omitting data in wire transfers from an Italian account. The recent publication of confidential leaked documents in a book titled "Your Holiness" by journalist Gianluigi Nuzzi also painted a poor picture of Tedeschi.

Guernsey ex-banker pleads guilty to money laundering - 21 May 2012

Paul Ludden, a former banker at SG Hambros, has pleaded guilty in Guernsey to money laundering. In the preceding five days of his trial, Ludden was accused of cheating an elderly client, since deceased, out of £650,000 and spending much of it on exotic dancers in a club in London. Ludden claimed that the client, Harry Palmer, had gifted the money to the dancers to help them out. In a surprise twist on the sixth day of his trial, Ludden changed his plea from not guilty to all counts (twelve specimen charges of theft, and one of money laundering) to guilty on the money laundering charge as an alternative to the theft charges. The prosecution accepted the plea and the case was adjourned for sentencing on 6 July 2012. Guernsey police have estimated that Ludden benefitted by more than £1 million from the laundering.

Haiti Telecom executive jailed for nine years for taking bribes - 21 May 2012

Jean Rene Duperval, former head of international relations at Haiti Teleco, has been sentenced to nine years in prison and three years of supervised probation and ordered to forfeit US\$497,331 [about £320,000]. Duperval claimed at his trial that the payments he received in exchange for granting low long-distance calling rates to companies operated by some of the other defendants, were “tokens of appreciation”, not bribes. Two of the eight individuals convicted in the case, Joel Esquenazi and Carolos Rodriguez, appealed their convictions on 9 May 2012; decisions in these cases are pending. Three additional defendants – Washington Vasconez Cruz, Amadeus Richers and Cecilia Zurita – are still on the run.

New Zealander found guilty of laundering proceeds of bank error - 18 May 2012

New Zealander Kara Hurring has been found guilty of theft, dishonesty and money laundering. In April 2009, Westpac bank accidentally transferred NZ\$10 million [about £4.9 million] into the account of Hurring's then boyfriend Len Gao. Hurring and Gao flew to China. The bank discovered its error and managed to retrieve about half of the money, but \$3,872,000 remains missing. Hurring spent two years on the run and was arrested when she returned to New Zealand in February 2011 year after she gave birth. She claimed that she did not know where the money had come from until she saw an item on the news in China, and that Gao had told her that he had won the lottery. She will be sentenced on 24 August 2012. Gao was arrested by Interpol in September 2011 as he was crossing from China into Hong Kong; he is now on electronic bail in Auckland, awaiting trial for theft and money laundering.

Habib Bank AG Zurich and MLRO fined for AML shortcomings - 15 May 2012

The UK's Financial Services Authority (FSA) has fined Habib Bank AG Zurich £525,000 and its former Money Laundering Reporting Officer (MLRO) Syed Itrat Hussain £17,500 for failure to take reasonable care to establish and maintain adequate AML systems and controls. The failings at Habib lasted from 15 December 2007 to 15 November 2010, and exposed the firm to an unacceptable risk of laundering money. Habib is a privately owned Swiss bank with twelve branches in the UK, and about half of its deposits came from higher risk jurisdictions. Habib did in fact maintain a high risk country list which excluded certain high risk countries on the basis that it had group offices in them – but Habib's local knowledge of these countries did not negate the higher risk of money laundering they presented. The FSA

also found that Habib failed to conduct adequate enhanced due diligence in relation to higher risk customers, with failings found in two-thirds of the 68 customer files it reviewed. As MLRO, Hussain was responsible for oversight of Habib's AML systems and controls, but failed to ensure that these systems and controls were adequate. He has now retired from the financial services industry.

Tracey McDermott, acting director of enforcement and financial crime, said: "It is critical that Money Laundering Reporting Officers properly evaluate, on an ongoing basis, the adequacy and effectiveness of the AML systems and controls which they are responsible for. MLROs have a key role to play in ensuring that firms take appropriate action to minimise the financial crime risks they face. Where individuals fail to meet their regulatory responsibilities we will not hesitate to take action."

Only Northern Bank laundering conviction is quashed - 11 May 2012

Ted Cunningham, the only person jailed in connection with the Northern Bank robbery in 2004, has had his conviction for laundering £2.4 million quashed. Cunningham appealed against ten convictions in connection with the £26.5 million robbery in Belfast, and the court in Dublin has ordered a retrial on nine of them. There will however be no retrial on the most serious count, one of money laundering, which referred to £2.4 million found during a search of Cunningham's house in February 2005, because the section of 1939 Offences Against the State Act under which the search warrant was issued was found to be unconstitutional earlier this year. Cunningham will be released on bail on a number of conditions pending the retrial, and has said that he may take legal action to try to get back the £2.4 million.

Alaskan whaling commission hit by fraud and money laundering - 7 May 2012

Maggie Ahmaogak, former Executive Director of the Alaska Eskimo Whaling Commission (AEWC), has pleaded guilty to embezzling US\$475,000 [about £295,000] from the organisation and to money laundering. The AEWK is a not-for-profit organisation that was formed in 1976 primarily to protect subsistence hunting of Bowhead whales by the people of the region. Ahmaogak ran the AEWK from 1990 until she was dismissed in 2007, and from 2004 she started paying herself bonuses, took payroll advances that were never repaid, and began withdrawing AEWK cash for her own personal use. She bought a snow machine, made a down-payment on a Hummer, paid for groceries and medical bills, and made several gambling trips to Las Vegas, New Orleans and Washington. Her replacement as Executive Director, Teresa Judkins, herself lasted only a year in the job before she too was fired for stealing over \$100,000 from the AEWK – she will be pleading guilty later this week. Ahmaogak was indicted just before her husband George was up for re-election as mayor – he later lost the election. Maggie Ahmaogak will be sentenced on 23 July 2012.

Moldovan black belt jailed for two years for money laundering - 6 May 2012

Andrei Vrabii, who came to England with a judo team from Moldova, has been jailed for two years for laundering money for Russian mobsters. He told police that he had withdrawn more than £300,000 from various bank accounts over four years, but became increasingly frightened by his involvement with the mafia and handed himself

in to police in Coventry. After arriving in England in 2004, Vrabii was recruited by gangsters to withdraw money from various UK bank accounts containing the proceeds of criminal activity abroad. The money would then be handed in cash to others, or paid into new accounts. Iain Willis, prosecuting, said: "The matters came to light quite unexpectedly on 31 January 2012 when he visited Lloyds TSB in Coventry and asked members of staff to call the police. In interview he said what he was doing was linked to the Russian mafia; he said he wanted to stop and was in fear." Ian Speed, defending, said: "Despite being a black belt he is a very, very frightened man. That's what resulted in him walking into the bank in despair. He is a very small fish in a great big murky pool."

Conrad Black released from prison - 4 May 2012

Former media boss Conrad Black has been released from prison in Miami after serving three years for defrauding investors. Black, who once controlled an empire including the *Daily Telegraph* in the UK and the *Chicago Sun-Times* in the US, left prison early today. Earlier this week, government sources in Canada said he would be allowed to live there upon his release, by being granted a one-year temporary residence permit. Black was born in Canada but renounced his citizenship in 2001 to accept a peerage in the House of Lords. After his fraud conviction in 2007, Black was sentenced to more than six years in prison. He was released two years later while he pursued a partially successful appeal, in which a judge cut his sentence down to three years. Black returned to prison in September 2011 to complete the remainder of his sentence.

Art forger jailed and wife given sentence for money laundering - 3 May 2012

William Mumford, who created up to a thousand bogus paintings and sold many of them to unsuspecting buyers, has been jailed for two years. Mumford copied artists including Sayed Haider Raza, Welsh landscape painter Kyffin Williams and surrealist John Tunnard. His forging was uncovered in 2009 after police were contacted by a London auction house which had been offered an unusually high number of paintings purporting to be by Maqbool Fida Husain – called "the Picasso of India". When they raided Mumford's home they found hundreds of paintings, as well as gallery stamps, ink pads and Victorian paper used to create a false provenance to dupe art experts. A band of co-conspirators placed the works for sale on eBay and at auction houses throughout the UK, receiving a 20% cut. Some of the works ended up being sold on as genuine several times for up to £30,000, and it is thought that hundreds remain in circulation. His wife Daphne, who admitted money laundering, was given a one year jail term suspended for two years. Four others who admitted various fraud offences were given jail sentences.

Vanuatu man jailed for laundering money through Fiji - 2 May 2012

Johnny Stephen, a Vanuatu citizen, has been jailed in Fiji for seven years for laundering money stolen from customers of Westpac bank. In 2009, Stephen was emailed by a David Turner, and agreed to receive FJD15 million [about £5.2 million] to invest in Fiji. Over the following months, Stephen received wire transfers into his account in Suva, and wired them on to accounts at the Bank of America and through Western Union. In fact, the money had been stolen from Westpac clients who had been tricked online into revealing their passwords and PIN numbers. Their accounts were then accessed online and money transferred to Stephen's bank account. The judge noted that an aggravating feature of this case was that Fiji was used as a transit point for the laundering of funds.

Fraudsters' "banker" jailed for money laundering - 30 April 2012

Michael McInerney has been found guilty of money laundering and sentenced to 4½ years in prison, following a joint investigation by the Financial Services Authority (FSA) and City of London Police (CoLP). He has also been disqualified from being a company director for seven years. McInerney acted as a banker for fraudulent share sales orchestrated by Tomas Wilmot, Kevin Wilmot and Christopher Wilmot, who controlled a syndicate of boiler rooms that defrauded an estimated 1,700 investors out of £27.5 million. They were jailed in August 2011 for a total of 19 years.

To distance themselves from their criminal money, the Wilmots enlisted McInerney. On their behalf, McInerney opened bank accounts for three different companies (Rock Solid Asset Management, Worldwide Assets Limited and Universal Management Services) which were purportedly for property management purposes. In reality they were set up with the sole purpose of receiving the proceeds of boiler room fraud. McInerney arranged the accounts so that cheques could be accepted into them from a variety of different company names and £12 million was paid in to these accounts between January 2006 and October 2007. McInerney also arranged transfers of funds to offshore accounts in Jersey and Malta, which had been opened after companies were registered in the British Virgin Islands, Anguilla and Gibraltar. The funds were then distributed to accounts in Hong Kong, Dubai, Canada, Lithuania, Spain, Switzerland, Slovakia and Austria. At the sentencing Her Honour Judge Taylor told McInerney: "It was a serious and sustained criminal enterprise in which you played a sustained and vital part. From the time you were in receipt of victim information you can have been in no doubt of the type of investor or of the losses they would have suffered. You were a willing and able participant and made suggestions as to how to make the process more efficient."

Brothel-keeper given another decade in prison for failing to repay proceeds of crime - 27 April 2012

In a follow-up to a story dated 23 March 2012, brothel owner Thomas Carroll has had his jail sentence extended after refusing to hand over £1.9 million from his crimes. Carroll was jailed for seven years at Cardiff Crown Court in 2010 after being found guilty of controlling prostitution and money-laundering. In March 2012, he was ordered to surrender his criminal proceeds by 27 March or serve an additional ten

years in prison – a sentence that has now been invoked. He will continue to owe the outstanding amount, with an additional £416 per day accruing in interest. His assets include four houses in Wales, three houses in South Africa and four cars. He fled to Wales to avoid prosecution when he was quizzed by Irish police over his network of brothels, and continued to run his prostitution business with his partner Shamiela Clark and his 27-year-old daughter Toma Carroll. Both women are also in prison for their roles in running the prostitution network, which involved trafficking Nigerian women into Ireland and forcing them to work as prostitutes all over the country. In 2011, Clark was sentenced to 2½ years for conspiracy to control prostitution and one year for conspiracy to money laundering, with a confiscation order for £360,000 (with a default prison sentence of three years) granted against her for £360,000. Toma Carroll was jailed for two years for money laundering.

Fake Viagra seller ordered to repay £14.4 million - 27 April 2012

Martin Hickman, who made a fortune selling fake Viagra tablets, has been ordered to pay back more than £14 million or face ten years in jail. Hickman, who lived in Greater Manchester, also owned a property in Marbella, a £2.5 million riverside apartment in London, a top-of-the-line Range Rover with a number plate bearing his initials, and a Bentley with a number plate L13 RGE. He funded it all by selling unlicensed Viagra-like erectile dysfunction drugs over the internet. His website, MSH World Traders, had a turnover of £6.1 million in just three years and made him a profit of £3.4 million. But some of the pills he was buying from India and selling to clients all over Europe were fakes, made to look like the licensed Viagra product, and others were not legal to sell in the UK. He also sold sex toys, herbal aphrodisiacs and pumps designed to increase penis size. Hickman was jailed for two years in 2009, and sentenced to a further 22 months in January 2011 for trying to obtain a passport by deception and selling a property in breach of a court restraint order. A financial investigation by the North West Regional Asset Recovery Team (NWRART) was also launched to get any assets Hickman had made through crime. He tried to cover his tracks by laundering his cash through accounts in Malta, the Netherlands and the Cayman Islands. But he was found to have benefited by £15,427,850.28 from his criminal enterprise, and ordered to repay that amount within six months or face a further ten years in prison and still be liable for the order.

Fraudster's wife and son jailed for money laundering - 26 April 2012

The wife and son of Gregory Podlucky, formerly the CEO of bankrupt American soft drink maker Le-Nature's Inc., have also received prison sentences for 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 Gregory's US\$684 million fraud, but their financial activities suggested otherwise. Jesse was sentenced to nine years in prison, and his mother Karla to 51 months. Karla and Jesse belatedly acknowledged their responsibility at their sentencing, but had their attorneys argue that Gregory Podlucky mentally abused and manipulated them into complicity.

Two jailed for laundering proceeds of Olympic fraud - 24 April 2012

Abayomi Olowo and Ayodele Odukoya have been jailed for money laundering following a fraud against the Olympic Delivery Authority (ODA). Ansumana Kamara was the ringleader behind the £2.3 million fraud against the ODA and an £86,000 fraud against Skanska, the construction firm working on landscaping the Olympic Park. He obtained the £2.3m by pretending to be Skanska's finance director and writing to the ODA with a change of account details ahead of a bank transfer – but the new account details he gave were his own. He pleaded guilty in September 2010 and has been jailed for 3½ years. The main laundering plan, which was foiled, was to disguise the money trail by sending £2 million to Nigeria before buying a parade of shops in Wolverhampton. Olowo was sent to prison for 4½ years while Odukoyu was given three years and nine months. Sentencing the two men, Judge Martin Beddoe said: "I am told of the inevitable effect on your families as a consequence of what you did. I take the view that is something you should have thought about before you embarked upon this determined involvement in crime. This was a very significant sum of money". The ODA said 95% of the money had been recovered and it hoped the outstanding £68,000 would be recovered through further investigation.

EU reduces sanctions on Burma and extends them on Syria - 23 April 2012

European foreign ministers have agreed to suspend most sanctions on Burma for a year in response to political reform, but officials urged vigilance over the reform process – in recent days, a row over the country's constitution has led pro-democracy leader Aung San Suu Kyi and her supporters to refuse to take their seats in the country's Parliament. Although most sanctions on Burma were suspended for a year, the EU agreement has left an arms embargo in place. At the same time, the EU has expanded sanctions on Syria – banning the export of luxury items to Syria, in order to target the lifestyle of President Bashar al-Assad and his wife. The latest sanctions also restrict exports of equipment, technology and goods that can be used for repression.

US securities broker sent to prison for fraud and money laundering - 20 April 2012

Mark Salyer from Tennessee has been sentenced to nine years in prison for mail fraud, wire fraud and money laundering. He was also ordered to pay US\$6,713,364.37 [about £4,162,830.63] in restitution. Salyer, a licensed securities broker with MetLife Securities, defrauded millions of dollars from his MetLife clients between 2005 and 2007 to finance a development project in Alabama and real estate ventures in east Tennessee. When his own and investors' funds ran out, he forged clients' names on documents which transferred their money out of MetLife securities and into limited liability corporations (LLCs) he had established. Other clients were led to believe that the LLCs were safe MetLife Securities accounts, so that they would transfer their money into those corporations. Salyer then used this money to fund his own developments, all of which ultimately failed for lack of funds. MetLife replaced the stolen funds for Salyer's clients.

Fugitive fraudster and money launderer finally faces prison - 20 April 2012

Mark McGovern, a tax fraudster who fled the UK four years ago after telling a judge in a note that he was unprepared to go to jail, has been extradited from France and is beginning a six-year prison term. HM Revenue & Customs (HMRC) issued a European Arrest Warrant for McGovern after he jumped bail in August 2008, and he was arrested by French police near Montpellier in March 2012. McGovern had pleaded guilty to laundering £278,340.87 of criminal proceeds in April 2008, following a wider HMRC investigation into a £7 million VAT fraud. After he absconded, he was sentenced in his absence to two years' imprisonment. HMRC successfully applied for a confiscation order in relation to the £278,340.87, and on 2 March 2009 a judge ruled that this money should be paid within 28 days, otherwise McGovern would have to serve a further four years in jail and still pay the money to HMRC. With daily interest this figure now stands at over £345,000. McGovern will appear in court in the week of 14 May 2012 to face a Bail Act offence of failure to surrender. HMRC will continue to seek recovery of the £345,000.

In his letter to His Honour Judge Van de Bijl on 1 April 2008, McGovern explained his non-attendance at court for sentencing by saying that he was unprepared to go to jail and found the thought "frightening and upsetting". He also said: "I was totally amazed at the scope of the 'criminal lifestyle' legislation and have been unable to ready myself for this and feel it would be an impossible job from a prison cell...I...assure your Honour that I will hand myself in as soon as I have completed this task." Four years later he was still on the run.

Cage-fighting loan shark jailed for money laundering - 19 April 2012

Giovanni Caruso, a cage-fighting loan shark from Stoke-on-Trent, has been jailed for 4½ for illegal money lending, blackmail, money laundering and perverting the course of justice. Caruso loaned money at a rate of £50 interest for every £100 borrowed to begin with, but increased the interest amount once people had taken out their loan. He gave no paperwork and was unclear with borrowers as to the terms of the loan, and how long they would be paying – he told one victim to just to keep paying until he was told to stop. When people objected, Caruso told them he would "rearrange their face", "break their legs" and "chuck acid into their face so no-one would recognise them again". He repeatedly told one female victim that she should work as an escort to pay off the debts, telling her he could drive her a long way from Stoke to do so. Caruso's own records, kept on his mobile phone, revealed that he was lending money illegally to 88 people and receiving payments of around £3,000 a week, over an 18-month period. Cath Williams, from the Illegal Money Lending Team, said most of Caruso's victims were friends with him initially, but grew frightened of him as he made threats to them and their family members: "We had three people brave enough to go to court and we're very grateful to those who do put their head above the parapet. We completely understand how frightening it is when there is intimidation involved."

Ronaldinho's brother sent to prison for money laundering - 18 April 2012

Roberto de Assis Moreira, the brother and agent of Brazilian football star Ronaldinho and owner of the Porto Alegre football club, has been sentenced to 5½ years in prison for money laundering. A court in the Brazilian coastal city of Porto Alegre found De Assis Moreira guilty of withholding information from the Brazilian Central Bank in relation to financial transfers totalling nearly US\$1 million [about £624,000] from overseas between 2003 and 2004, as well as failing to report the existence of Swiss bank accounts. He was also fined about \$95,000.

Fraudulent lawyer ordered to forfeit money, home and yacht - 17 April 2012

A judge has ordered a Kentucky attorney awaiting sentencing for his role in an oil drilling fraud to forfeit US\$3.1 million [about £1.9 million] in cash as well as a yacht and a condo in South Carolina that were proceeds from the criminal activity. US District Judge Karen Caldwell found that Bryan Coffman either illegally took the money from clients of his business, American Oil & Gas Resources, or had used funds of his own to disguise the ill-gotten cash. The money was put into bank and investment accounts held by Coffman, his wife Megan, or various business entities the couple used. In her statement, Judge Caldwell wrote: "The bank account is merely a container that holds the funds. If the funds inside a bank account were involved in money laundering, it does not matter where those funds were transferred. [And] by comingling investor funds with non-investor funds to purchase the yacht and condo, Coffman involved the non-investor funds in money laundering, and rendered them subject to forfeiture." Coffman was found guilty in May 2011 of mail fraud, wire fraud, securities fraud and money laundering, and will be sentenced on 2 May 2012.

James Ibori sentenced to 13 years for fraud and money laundering - 17 April 2012

In a follow-up to countless stories on this subject, James Ibori a former DIY store cashier and governor of Delta State in Nigeria from May 1999 to May 2007, has been jailed for thirteen years after admitting fraud totalling nearly £50 million, and the laundering of that money. Southwark Crown Court was told that the amount he had stolen from the people of Delta State was "unquantified". Ibori evaded capture in Nigeria after a mob of supporters attacked police, but was arrested in Dubai in 2010. He was extradited to the UK and prosecuted based on evidence from the Metropolitan Police, who estimated that he had stolen US\$250 million [about £160 million] from state coffers. Among other offences, Ibori admitted a \$37 million fraud involving the sale of Delta State's share in Nigerian privatised phone company V Mobile. Sasha Wass QC, prosecuting, told the court that Ibori "deliberately and systematically" defrauded the people he was elected to represent.

Mexican cartel leader sentenced to 22½ years in prison for drug and laundering offences - 13 April 2012

Oscar Arriola, the leader of a Mexican drug cartel, was sentenced to 22½ years in prison by a federal judge in Colorado, who said that the kingpin's criminal enterprise had sold \$1 billion of cocaine in eight US states. US District Judge Robert Blackburn told Arriola that he was "a clear and present danger to this country and its citizens". In 2002 and 2003, the Arriola cartel used a storage centre at a ranch in Colorado to distribute tons of cocaine across the US, before an anonymous tip-off led to an investigation. Oscar Arriola, his brother Miguel and twenty-seven others were indicted in Denver in 2003. Oscar was arrested in Mexico in 2006 and extradited to

the US in 2010; he pleaded guilty in 2011 to drug trafficking and money laundering. In 2010, Miguel was sentenced to twenty years in prison. After sentencing, Oscar apologised to the judge for the harm his cartel had inflicted on US residents.

Drug traffickers ordered to pay back £2.2 million - 13 April 2012

Four key members of a drug trafficking network with hubs in Southern England and Wales have been told they must pay back a combined total of nearly £2.2 million in criminal profits. His Honour Judge Hopkins QC handed down Confiscation Orders against Craig Blake (£792,055.80, Gareth Davies (£81,132), Darren Quick (£1,237,182.37) and David Richards (£85,210.78). Each was told they had six months in which to meet the terms of the Orders, and will have default prison sentences of 21 months (Davies and Richards), four years (Blake) and 6½ years (Quick) added to their existing sentences should they fail to do so. Blake and Quick were also made subject to Financial Reporting Orders, which will compel them to provide details of their financial affairs for the next ten years.

All four pleaded guilty to drugs charges following a SOCA-led operation which dismantled a criminal organisation of three regional sub-groups working together: a branch in South Wales, led by Richards, procured the drugs from Quick's Kent organisation, with Blake's crew in Bournemouth acting as the conduit. Together, they are believed to have trafficked around half-a-tonne of cocaine. In July 2010 they were all sentenced to prison terms: Blake was given 16 years and 8 months, Quick 14 years and 4 months, and Davies and Richards 12 years each.

Woman jailed for stealing from employer - 11 April 2012

Pamela Madsen from Bluffdale in Utah has been sent to prison for 46 months after pleading guilty to a mail fraud and money laundering scheme that bilked US\$1.3 million [about £816,000] from her employer. She was also ordered to pay back the \$1.3 million. Madsen worked as a secretary at Professional Painting Inc. from May 2000 to October 2010, where her duties included filling out bank deposit slips for the commercial painting business. In November 2007, she opened a bank account with a slight variation on her employer's name and started depositing cheques into that account, using the money for personal spending – including on three snowmobiles and three four-wheelers [off-road motorbike-like things] which must also be forfeited.

Money launderer meets untimely end in Chicago alley - 10 April 2012

Niven Beluso, who pleaded guilty in January 2012 to planning to launder money stolen from retirement savings accounts, has been found dead in an alley in Chicago with a gunshot wound to his head. Beluso and three others had been accused of attempting to steal US\$330,000 [about £208,000] from 401(K) retirement savings

accounts. When he was arrested in September 2011 and charged with money laundering, Beluso agreed to testify against the scheme organiser in exchange for a reduced punishment.

Mexican cartel leader sentenced to three life terms for murder, drug offences and money laundering - 7 April 2012

José Antonio Acosta Hernandez, a Mexican drug cartel leader, has been sentenced to three life terms in prison for a number of crimes, including murder, drug trafficking, racketeering and money laundering. US District Judge Kathleen Cardone, in the court in El Paso, Texas, took half an hour just to read the list of charges. US investigators say that Acosta Hernandez, a former police officer and a boss for the Juarez Cartel, was responsible for about 1,500 killings, including three people who were gunned down as they left a children's party at the US consulate in Juarez, Mexico in 2010 (consular employee Lesley Enriquez Redelfs, her husband Arthur, and Jorge Alberto Salcido Cenicerros, husband of a consular employee). Cardone said: "This is one of the most heinous and violent and callous crimes I have ever seen. I think it's a real tragedy all that has happened. This court believes in many ways that life is not enough for all the lives you have taken." Cardone imposed three consecutive life terms, seven concurrent terms and an additional 20 years.

"Merchant of Death" sentenced to 25 years in prison for arms trafficking - 6 April 2012

Russian Viktor Bout has been sentenced to 25 years in prison in the US for conspiring to sell weapons to government informants. He has also been ordered to forfeit US\$15 million [about £9.5 million]. 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). It took more than two years for the US to extradite Bout from Thailand, with Russian officials strongly opposing the extradition, and indeed the Russians are now expressing displeasure at this sentence and asking for Bout to be returned to Russia to serve his time there. Bout, who repeatedly shouted "It's a lie!" at the prosecution team during his trial and sentencing, has said that he will appeal.

"Millionaire shoplifter" given four more years for laundering the proceeds of fraud - 5 April 2012

Kevin Castle, once dubbed the "millionaire shoplifter" by police, has been jailed for four years for fraud, theft and money laundering. Castle stole people's letters to obtain credit cards using their name, deliberately visiting rural properties to target post boxes positioned away from homes, and was caught by CCTV footage from a camera which had been fitted to the home of one of his victim in Somerset. Police searched his property and found a tin box hidden in a hedgerow with documents linking him to various offences and victims. Prosecutor David Sapiecha told the court that between August 2010 and June 2011 Castle had fraudulently obtained £61,500: "It was in essence his business. There were multiple applications, multiple victims, multiple cards and multiple banks – it was a sophisticated operation." The frauds

netted Castle a luxury lifestyle, including rental of a five-bedroom house with eleven acres and stables with six horses, and a Mitsubishi 4x4. His partner Cathryn Russell had “turned a blind eye” to Castle’s actions and “reaped the benefits” from them – she was sentenced to 120 hours of unpaid work. Castle has already served time for laundering; in 2008 he was jailed for 28 months for making up to £1,000 a day from driving around the country claiming refunds for shoplifted goods. Judge John Neligan told Castle this time: “Your record shows you are a career fraudster. The offences you pleaded guilty to are an extension of that career. You have a catalogue of offences for dishonesty and it has funded an extravagant lifestyle.”

Mexican drug cartel leader sentenced to 25 years in prison in the US - 2 April 2012

Benjamin Arellano Felix, former boss of the Mexican Arellano Felix Organisation drug cartel, has been jailed for 25 years by a US judge, after pleading guilty in December 2011 to racketeering and money laundering. He was also ordered to forfeit US\$100m [about £62 million]. According to prosecutors, his Tijuana-based organisation smuggled hundreds of tons of marijuana and cocaine into California, and tortured and killed rivals from other cartels, informants and members of the security forces in the US and Mexico – often then dissolving their bodies in vats of deadly corrosives. Felix led his cartel from 1989 until his arrest in Mexico in 2002. He was sentenced there in 2007 to 22 years in prison for drug trafficking and organised crime activities, and was extradited to the US four years later. Laura Duffy, US Attorney for the Southern District of California, said that the sentence “virtually ensures that Arellano-Felix will spend the remainder of his life in custody. Following this sentence, he will be deported to Mexico to finish his 22-year sentence. This is a fitting end for a person who has caused so much suffering and destruction.”

Bookkeeper admits stealing from nuns - 2 April 2012

Mary Montfort, a former bookkeeper for the Little Sisters of the Poor in Kentucky, pleaded guilty to embezzling US\$364,135 [about £227,000] from the charity. She stole the money by forging the signatures of nuns when writing 43 cheques drawn on the organisation’s account between April 2010 and November 2011. The investigation began when a nun from St Joseph’s Home for the Aged in Louisville called police with a suspicion. She said that the charity bank’s had called to verify a \$14,742 cheque deposited in an account belonging to one of Montfort’s relatives while Montfort was on holiday. After confirming that the cheque was fraudulent, the bank conducted a thorough review and found 43 cheques totalling \$200,294 had been paid to a relative of Montfort’s. Montfort bought two cars with the money, both of which will be forfeited. She will be sentenced on 2 July 2012, and faces up to three years in prison.

Italian banker convicted for money laundering is tracked to Thailand through use of social networking sites - 31 March 2012

Vito Palazzolo, an Italian banker convicted for having links to the Mafia, has been arrested in Thailand. In March 2009 he was given nine years in jail for laundering tens of millions of dollars for the Sicily-based Cosa Nostra while working as a banker in Switzerland, and for being implicated in the Pizza Connection – a Mafia operation that smuggled drugs into the US during the 1970s and early 1980s and used pizza restaurants as a front. Palazzolo has always denied the charges, and has spent decades on the run, most of the time in South Africa whose government refused to allow his extradition back to Italy. The Italian authorities say they tracked him to Thailand by monitoring his family's use of social networking websites.

FSA review of anti-bribery and corruption procedures reveals disappointing results - 29 March 2012

The UK's Financial Services Authority (FSA) has published the findings of its thematic review into anti-bribery and corruption (ABC) systems and controls in investment banks. In response to those findings, the FSA will consult on proposed amendments to the FSA's regulatory guidance, "Financial crime: a guide for firms". From August 2011, the FSA visited fifteen firms, including eight major global investment banks and a number of smaller operations, to examine how firms mitigate bribery and corruption risk and found that – despite a long-standing regulatory requirement to mitigate financial crime risk – the majority of them had more work to do to implement effective ABC systems and controls:

- nearly half the firms in the sample did not have an adequate ABC risk assessment
- management information on ABC was poor, making it difficult to see how firms' senior management could provide effective oversight
- only two firms had either started or carried out specific ABC internal audits
- there were significant issues in firms' dealings with third parties used to win or retain business
- although many firms had recently tightened up their gifts, hospitality and expenses policies, few had processes in place to ensure gifts and expenses in relation to particular clients/projects were reasonable on a cumulative basis.

The FSA is considering whether further regulatory action is required in relation to certain firms in its review.

"Landscape gardeners" jailed for fleecing old woman and disabled man - 29 March 2012

Six men who cheated two vulnerable people from Essex out of £150,000 for gardening work have been jailed for deception, fraud and money laundering. Trading as Chris Landscaping Limited, the gang posed as landscape gardeners to trick their victims into paying for work they had not completed or that was of a poor standard. Over a period of five years, they charged a woman, now aged 90, £44,000 for minor gardening work, and collected cheques for more than £113,000 from a 74-year-old disabled man. Christopher Barnes, the leader of the gang, would befriend his victims over a number of months, taking his two young children to visit them. He would then turn up unannounced and demand money for work he had not been asked to carry out. Barnes used the money to lead a "luxurious lifestyle", living in a house with stables, enjoying a fleet of four cars and frequently travelling on holiday to Florida. Police launched an investigation after a neighbour of one of the gang's

victims raised concerns over the amount of money paid, and the men were found by tracking down cheques paid into their bank accounts. Sentencing them, Judge Owen Davis said they had “fleeced [the victims] and when one was sucked dry, they moved on to the next”, while Detective Constable Mike Buckingham said: “The fact that they preyed on these people over a long period of time, persistently, is despicable”. Barnes was jailed for five years and nine months, Allen Logan for four years and six months, Daniel Chuter for four years, William Brazil for nine months, Danny Palmer for four months and Christopher Chuter for six weeks.

Romania jails serving parliamentarian for corruption and money laundering - 27 March 2012

For the first time ever, Romania has jailed a serving parliamentarian for corruption. Virgil Pop, a deputy in the Romanian Parliament, has been sentenced to five years in prison for forgery, money laundering and abuse of power, after the Supreme Court rejected his appeal. (Although former Prime Minister Adrian Natase received a two-year sentence for corruption last year, he remains free awaiting appeal.) Pop, formerly a member of the small opposition Liberal Party, used his influence to unfairly award public contracts to a private company from the north-western city of Cluj. Experts say that this conviction is a sign that the Romanian government is finally acting on EU pressure to crack down on corruption. It is one of the conditions for Romania, which joined the EU in 2007, to enter into the visa-free Schengen travel zone. In its latest progress report, the EU said that Romania had made some progress on judicial reform but not enough.

FSA fines Coutts £8.75 million for AML failings - 26 March 2012

The UK's Financial Services Authority (FSA) has fined Coutts & Company (Coutts) £8.75 million for failing to take reasonable care to establish and maintain effective anti-money laundering (AML) systems and controls relating to high risk customers, including Politically Exposed Persons (PEPs). The failings at Coutts were serious, systemic and were allowed to persist for almost three years, and resulted in an unacceptable risk of Coutts handling the proceeds of crime. In October 2010, the FSA visited Coutts as part of its thematic review into banks' management of high money laundering risk situations. The FSA identified deficiencies in nearly three quarters of the PEP and high risk customer files reviewed. Specifically, in one or more of each inadequate file Coutts failed to:

- gather sufficient information to establish the source of wealth and source of funds of its prospective PEP and other high risk customers;
- identify and/or assess adverse intelligence about prospective and existing high risk customers properly and take appropriate steps in relation to such intelligence;
- keep the information held on its existing PEP and other high risk customers up-to-date; and
- scrutinise transactions made through PEP and other high risk customer accounts appropriately.

Tracey McDermott, acting director of enforcement and financial crime at the FSA, said: “Coutts' failings were significant, widespread and unacceptable. Its conduct fell well below the standards we expect and the size of the financial penalty demonstrates how seriously we view its failures. Coutts was expanding its customer base which increased the number of high risk customer relationships. The regulatory environment in relation to financial crime had

also changed. It is therefore particularly disappointing that Coutts failed to take appropriate steps to manage its AML risks. This penalty should serve as a warning to other firms that, not only should they ensure they constantly review and adapt their controls to changing financial crime risks within their businesses, but that they must also make changes to reflect changing regulatory or other legal standards.”

Brothel-keeper ordered to repay £1.9 million or face ten more years in prison - 23 March 2012

Thomas Carroll, who ran an international prostitution ring and controlled more than 35 brothels in the Republic of Ireland and Northern Ireland from his rented family home in Pembrokeshire, will have to hand over £1.9 million of his criminal profits after losing a court appeal. Carroll is currently serving a seven-year prison sentence for vice and money laundering offences, after being jailed in 2010. Carroll’s criminal business involved trafficking girls from South America and Africa to the UK with promises of a better life, before they were put to work in the sex industry. Carroll represented himself at the confiscation hearings and when he was handed a bundle of evidence by the prosecution he threw it in a bin. His lawyers launched an appeal, saying that their client’s lack of legal representation had breached his right to a fair hearing. But Mr Justice Irwin, sitting with Lord Justice Moses and Mr Justice King, rejected the complaints and backed the confiscation order, which will see ten more years added to Carroll’s sentence if he fails to pay: “We are quite satisfied that, if this appellant finds himself in the position he is, it is entirely through his own fault. He was deliberately attempting to derail the proceedings and delay them.”

Syrian sanctions extended to Assad family, including British woman - 23 March 2012

EU foreign ministers have imposed a travel ban and asset freeze on the British-born wife of Syrian President Bashar al-Assad, as well as his mother, his sister, his sister-in-law and other family members. Asma al-Assad is among twelve people added to the sanctions list, which already includes her husband. However, British officials have confirmed that the ban cannot stop her from travelling to the UK. President al-Assad has promised political reform, but observers and his opponents have dismissed his plans as window-dressing. Dutch Foreign Minister said: “With this new listing we are striking at the heart of the Assad clan, sending out a loud and clear message to Mr Assad: he should step down.” Mrs Assad, who is of Syrian descent, was born in the UK, worked as an investment banker in the City and spent much of her life in west London. The UK Border Agency has confirmed that she is British and therefore has right of entry to the UK, but UK Foreign Secretary William Hague said he did not think Mrs Assad would be travelling to the UK any time soon: “Given that we are imposing an asset freeze on all of these individuals, and a travel ban on other members of the same family and the regime, we’re not expecting Mrs Assad to try to travel to the United Kingdom at the moment.”

Australian accountant jailed for laundering money stolen by wife - 23
March 2012

In a follow-up to a story dated 14 February 2012, Australian accountant Matthew Carter has been jailed for two years for money laundering. From July 2010 to January 2011, Carter allowed his ex-wife Tania Carter to transfer money into his accounts that she had acquired by issuing false invoices to her employer. Tania was a business manager at Curtin University when she issued the bogus invoices in the name of a trading company. Matthew initially told his then-wife to stop the offending but went on to retain A\$54,820 [about £36,000] of the \$107,800 she had stolen. He was caught in August 2011 as the result of an investigation by the Corruption and Crime Commission, co-operated fully with investigators, and repaid the money. The court heard that the Carters had two teenage daughters, and that Matthew did not want to be “the dad who dobbed in the mother who went to jail”. Nonetheless, District Court Judge Simon Stone labelled Carter’s offending as persistent and noted that his job as an accountant meant he had been able to help make his ex-wife’s crimes difficult to detect.

Malaysia secures important money laundering conviction - 21 March 2012

Dr Hamimah Idruss, the first person to be charged under Malaysia’s Anti-Money Laundering Act 2001, has been sentenced to three years in prison and ordered to pay a fine of MYR6.4 million [about £1.3 million] or serve a further year in prison. She was an executive director of Safire Pharmaceuticals, and was found guilty of laundering MYR41.3 million [about £8.45 million] through a bank account in the name of the company Megbridge Sdn Bhd at the OCBC Bank branch in Damansara Utama (in Selangor, on the west coast of peninsular Malaysia) on 10 June 2003. She was also found guilty of abetting her former employee, Yusaini Wan Abi Sabian, in falsifying promissory notes amounting to US\$12 million. In pressing for a stiff sentence, deputy public prosecutor Robert Pasang Alam said that of the MYR41.3 million deposited into Dr Hamimah’s account, only MYR34.9 million had been seized by the authorities: “The balance, MYR6.4 million, had been disposed of. This case had been going on for a long time. Three judges have heard the case and I’m the fifth DPP handling it.”

Former US Army Major sentenced to prison for bribery and money laundering - 20 March 2012

In a follow-up to a story dated 24 February 2012, Terry Hall has been sentenced by a court in Alabama to 39 months in prison for his participation in a bribery and money laundering scheme related to bribes paid for contracts awarded in support of the Iraq war. He also agreed to US\$15,757,000 [about £9,900,000] as well as real estate and a Harley Davidson motorcycle. Hall pleaded guilty in February 2010 and agreed to testify against his co-defendants, former US Army Major Eddie Pressley and his wife Eurica Pressley. The Pressleys were convicted in March 2011 of bribery, fraud and money laundering: Eddie is serving 144 months in prison and Eurica 72 months. From 2004 to 2007, Hall operated several companies that received more than \$20 million from contracts to deliver bottled water and erect security fences for the US military in Kuwait and Iraq. To obtain the business, Hall made more than \$3 million in unlawful payments and provided other valuable items and services to US Army contracting officials stationed at Camp Arifjan – including Eddie Pressley. Hall testified that he transferred approximately \$2.9 million in bribe payments to the Pressleys, and documents showed that Hall and Eddie Pressley used the money to purchase commercial real estate in Muscle Shoals, Alabama. Other former US Army Majors convicted of involvement in the bribery scheme include John Cockerham (currently serving 210 months), Christopher Murray (serving 57 months), Derrick Shoemake (to be sentenced on 18 April 2012) and James Momon (sentencing date yet to be set).

Sixteen Italian judges arrested on suspicion of Mafia corruption - 19 March 2012

Police in Naples have arrested sixteen judges alleged to have taken bribes to issue financial rulings in favour of the Camorra, the crime syndicate active around the city in southern Italy. About forty more people are also being held on suspicion of money laundering and corruption, while buildings, cars and property worth a billion euros [about £829 million] were seized around Naples and in northern Italy. Police said the focus of the operation was the Fabroccino clan, which is believed to have bribed officials to obtain favourable court judgements.

Tax fraud butcher jailed for five years - 15 March 2012

A butcher who committed tax fraud totalling £3.3 million has been jailed for five years by HM Revenue and Customs (HMRC). Yorkshireman Gary Turner was a successful businessman who owned concessions of Turner's Butchers in local branches of Kwik Save, but when trade slowed in 1996 he used his business to commit tax fraud, deceiving both his family and the tax authorities. He spent the money on remodelling a luxury family home as well as buying a bungalow for his son in the same street and treating his extended family to expensive villa holidays. He owned six high performance cars, a collection of Fender electric guitars, and Rolex watches worth over £35,000. When HMRC began to investigate Turner, he claimed that his fictitious accountant had all of his paperwork. He lied to investigators about his accounts and provided fake business records to show his claims were genuine but his so-called main suppliers – the Botswana Meat Commission – had never heard of him. He later confessed to faking invoices and submitting false VAT repayment claims for

amounts between £19,000 and £46,000, and lying to the taxman. He described his business affairs from 1996 as “all fake” – in reality, he had not made any legitimate business income since 1996. Around £785,000 in assets has already been restrained by HMRC and confiscation proceedings are underway to recover Turner’s criminal profits.

Haitian public official found guilty of money laundering in Florida - 12 March 2012

Jean Rene Duperval, a former senior official in Haiti’s state-owned telecommunications company, has been convicted by a Miami court of money laundering. Duperval was accused of taking about US\$500,000 [about £320,000] in bribes from two Miami businesses (Terra Telecommunications and Cinergy Telecommunications) that secured less costly long-distance phone contracts with Haiti Teleco as a result of the payoffs. Duperval used some of the money to buy a home in Florida and pay college fees for his three children. Duperval’s sentencing will take place on 21 May 2012, and he faces up to twenty years in prison.

Duperval was the first Haitian official to be tried in a foreign corruption case brought by the US Department of Justice. Eight other defendants – Haitian officials and Miami businessmen who worked for Terra or Cinergy – have already been convicted of corruption or money laundering. Terra and Cinergy made their payment to Duperval through two South Florida companies registered to Duperval’s brother and sister, who wrote him cheques that were deposited in his local bank accounts. Duperval’s (unsuccessful) defence was that as he did not consider the payment to be bribes but rather payments for administrative costs, he could not have been laundering the proceeds of crime. Prosecutors, on the other hand, said that Duperval had “perfected the art of the shakedown”.

Bermudian found guilty of money laundering in St Vincent's largest-ever case - 10 March 2012

Bermudian Winston Robinson has been found guilty in St Vincent of laundering US\$1.7 million [about £1.1 million] – the largest-ever case on the island. Robinson was arrested four years ago after sailing a yacht, the *Jo-Tobin*, from Bermuda to St Vincent and the Grenadines. The cash was found wrapped in 88 packets on board; Robinson said that he had earned the money working in the hotel and fishing industries in Bermuda, and that he had hidden it in the water-tank in order to protect it from hijackings. Robinson and *Jo-Tobin* owner Antonio Gellizeau, who was also found guilty of money laundering, have both been remanded in custody pending sentencing and a confiscation hearing.

Father and son sent to prison for property fraud and money laundering - 9 March 2012

Phillip Lochmiller Sr. has been sent to prison for 33 years and eight months for fraud, conspiracy and money laundering. Lochmiller and his son Phillip Lochmiller Jr. ran a real estate investment scheme in Colorado, Valley Investments, that advertised annual returns of up to 18% through investing in the conversion of mobile home parks into affordable housing projects. In fact, the scheme did not own sufficient property or assets to secure the investments as represented, and over 400 victims lost more than US\$30 million [about £19 million] in total. Lochmiller Sr. was convicted at a trial in July 2011 that also saw his son sentenced to eight years in prison for money laundering and conspiracy to commit securities and mail fraud. A former Valley Investments employee, Shawnee Carver, is serving a sentence of two years for conspiracy to commit securities fraud and mail fraud.

Drug gang leader jailed for laundering money from London to China - 8 March 2012

He Jia Jin, the leader of a drugs gang from London behind a £350 million money laundering ring, has been sent to prison for eight months. Cannabis factories and brothels in Gloucester were part of an operation which saw cash illegally transferred to China; Detective Inspector Tony Hubbard, from Operation Zephyr, said the sums involved were “just colossal”. He Jia Jin and his gang set up World Travel Service, a money services bureau in London’s Chinatown. It was used by Chinese expats to send cash home but its public face was a cover for the money laundering operation. Two of He’s employees – He Jia Jun and Man Xu – pleaded guilty to making misleading and deceptive statements, and were ordered to carry out 100 hours of community service. It is estimated that He Jia Jin made £7 million from the laundering; the prosecution could force him to pay this money back or face an extra decade in prison.

UK's most successful Ponzi fraudster is jailed for 14½ years - 8 March 2012

Kautilya Pruthi, a businessman who orchestrated the UK’s largest-ever Ponzi investment fraud, has been sent to prison for fourteen years and six months. Pruthi’s nearly 800 victim – including cricketer Darren Gough and actor Jerome Flynn – lost a total of £115 million, of which only £2 million is expected to be recovered. Sentencing Judge Michael Gledhill QC told Pruthi: “You are an extremely intelligent, articulate, sophisticated and plausible liar – in short, a professional fraudster.” Pruthi made £38 million from the fraud over three years, and used the money to fund a lavish lifestyle including luxury homes, supercars and flights in private jets. Two other men were involved: John Anderson and Kenneth Peacock were yesterday found guilty of unauthorised regulated activity and jailed for eighteen months each.

US publishes its "International Narcotics Control Strategy Report 2012" - 7 March 2012

The US Department of State has published its "International Narcotics Control Strategy Report 2012". The INCSR reviews conditions in the major illicit drug-producing countries, the major drug-transit countries, and the major source countries for precursor chemicals used in the production of illicit narcotics. In addition, the second part of report describes the efforts of 66 major money laundering countries and jurisdictions to implement strong anti-money laundering and counterterrorist financing regimes. The 66 jurisdictions are divided into those of primary concern, those of concern, and those being monitored. The Vatican City has appeared for the first time in the INCSR, in the second category. According to Susan Pittman of the State Department's Bureau of International Narcotics and Law Enforcement: "To be considered a jurisdiction of concern merely indicates that there is a vulnerability to a financial system by money launderers. With the large volumes of international currency that goes through the Holy See, it is a system that makes it vulnerable as a potential money laundering centre."

Indonesian Citibank employee sent to prison for embezzlement and money laundering - 7 March 2012

In a follow-up to a story dated 19 January 2012, Malinda Dee, a former Citibank relationship manager, has been sentenced by a court in Indonesia to eight years in prison and a fine of IDR 10 billion [about £700,000]. According to the prosecution during her trial, between 2007 and 2011 Dee ordered 117 transfers each worth up to IDR 2 billion from her Citigold clients' accounts to her own accounts or those of friends. Citibank ordered an internal investigation after one of its wealthy clients noticed unauthorised transfers, and Dee was arrested in March 2011. The money was spent on cars by Ferrari, Porsche, Mercedes and Hummer as well on as apartments and houses; the court ordered two Ferraris, one Hummer and a Toyota 4x4 to be returned to Citibank as well as IDR 1.6 billion in cash. In January 2012, Dee's husband Andhika Gumilang was sent to prison for four years for forgery and money laundering. The case has caused a stir in a country that is creating millionaires faster than any other Asian nation. Indonesian banking regulators banned Citibank from adding new clients to its wealth management business for a year from May 2011.

Stanford found guilty of fraud and money laundering - 6 March 2012

Financier Allen Stanford has been found guilty by a court in Houston, Texas of 13 of 14 charges of money laundering and fraud, for operating a Ponzi scheme that cost more than

15,000 investors more than US\$7 billion [about £4.5 billion]. He was acquitted on one charge of wire fraud. The verdict concludes a three-year prosecution that blocked investors from attempting to recover their money, and stalled a civil lawsuit against him brought by the Securities and Exchange Commission. Stanford was accused of defrauding investors by selling them certificates of deposit issued by a bank he controlled in Antigua, then turning around those proceeds to fund a lavish lifestyle that included a fleet of yachts and jets, and even cricket tournaments. The star government witness was James Davis, Stanford's college roommate, who served as his chief financial officer. Davis told the court that the Stanford business empire included bribes for Antiguan regulators and schemes to hide his operations from federal investigators. Each charge carries a maximum penalty of twenty years, and the judge could order them to run consecutively. Stanford's lawyers say that he will appeal.

Mubarak associate to be extradited to Egypt to face money laundering trial - 3 March 2012

A Spanish court has ordered Hussein Salem, a close associate of the ousted Egyptian president Hosni Mubarak, to be extradited to Egypt along with his son Khaled. Hussein, Khaled and an associate were arrested in a wealthy Madrid suburb in June 2011 and held on suspicion of corruption and money laundering. Hussein Salem, a former Egyptian army and intelligence officer, is accused of having been given lucrative deals, including one exporting gas to Israel, because of his close connections to Mubarak. The Spanish authorities froze US\$47 million [about £30 million] in his accounts and seized homes worth \$14 million, including seven in the resort town of Marbella. Spain has set two conditions on the extraditions: that the cases should be heard by juries other than those that were already trying the two men in absentia, and that both men have the right to choose to return to Spain to serve out any sentences they receive in Egypt.

Drug dealer and launderer ordered to hand over his house to SOCA - 1 March 2012

The Right Honourable Mr Justice Simon at the Royal Courts of Justice has granted a Recovery Order requiring Cheshire businessman Arran Coghlan to hand over his family home to the Serious Organised Crime Agency (SOCA). In its civil recovery application, SOCA submitted that Coghlan had derived his million-pound home through drug trafficking and money laundering over a significant period. SOCA's investigations showed that Coghlan bought the house in 2000 through a third party for £180,000 yet had no legitimate means of income. Evidence showed that the third party did not charge rent, all bills were in Coghlan's name and, shortly after purchasing the property, extensive security, interior building and renovations were carried out. All were paid for in cash. A SOCA spokesperson said: "SOCA will use all the powers at its disposal to stop those who try to benefit from illicit profits. The Court has ruled that Arran Coghlan's family home was funded by criminal activity; now he must hand it over."

Australian tax evader and money launderer loses his appeal - 1 March 2012

Australian convicted tax evader and money launderer Michael John Milne has lost his appeal. Milne appealed both his conviction and his sentence of four years and nine months. The court in 2010 heard that a complex web of offshore entities was “completely contrived and an artificial arrangement” designed to gain Milne a financial benefit. He was a client of Philip Egglshaw, whose Swiss firm Strachans sparked the A\$300 million [about £203 million] Wickenby investigation by the Australian Tax office, and he also had links to the investigation’s most high-profile scalp, music entrepreneur Glenn Wheatley. Milne used Swiss bank accounts to buy antique French furniture, a \$2.7 million house in Neutral Bay in Australia, a Bentley, a yacht worth \$270,000 and a \$440,000 painting by Jeffrey Smart.

HK men sentenced for laundering money from Chinese fraud victims - 29 February 2012

Two men have been sentenced in Hong Kong to five years and 40 months in prison respectively for money laundering. Their female victim in Chongqing (south-west China) received a phone call in May 2010 from a person who claimed to be an officer from the Public Security Bureau. He alleged that her bank account had been misused and instructed her to open two new bank accounts and transfer her balance of CNY 70,000 [about £7,000] to them. The sum was withdrawn via ATM in Hong Kong shortly afterwards. The victim reported the crime to the Hong Kong police and in September 2010 officers of the Commercial Crime Bureau arrested the two defendants in possession of forged Hong Kong identity cards and false China re-entry permits. Written records of the laundering of about CNY 27,800,000 through 345 mainland bank accounts between August 2008 and September 2010 were also seized.

Online gaming company founder charged with money laundering in the US - 28 February 2012

Calvin Ayre, a Canadian who founded online gambling company Bodog in 1994, has been charged by US prosecutors in Baltimore in the US with conducting an illegal business that generated more than US\$100 million [about £63 million] in winnings. Ayre and three other Canadian men are also accused of money laundering while conducting the business, from at least June 2005 until 6 January 2012: the three allegedly moved funds from Bodog’s accounts in Switzerland, England, Malta, Canada and elsewhere to pay winnings to gamblers and media brokers in the US. As US Attorney Rod Rosenstein explained: “Sports betting is illegal in Maryland and

federal law prohibits bookmakers from flouting that law simply because they are located outside the country.” A former employee of Bodog told prosecutors that the company had hundreds of workers in Canada and Costa Rica who handle the daily operations of taking bets, tracking sports events, providing customer service and effecting financial transactions. Bodog paid more than \$42 million from 2005 to 2008 for an advertising campaign to attract US gamblers to the website. Federal prosecutors also seized the Internet domain name bodog.com. If convicted, Ayre and his co-defendants face up to five years in prison for conducting the gambling business and twenty years in prison for money laundering.

Nigerian ex-governor Ibori pleads guilty to embezzlement and money laundering - 27 February 2012

In the near-culmination of a long-running saga, James Ibori has pleaded guilty in London to embezzling state funds and conspiring to launder the money in the UK. Since 2005, the Metropolitan Police Service's Proceeds of Corruption Unit and Nigeria's anti-corruption agency have been investigating Ibori, who was governor of Nigeria's Delta State from 1999 to 2007. He was suspected of siphoning off an estimated US\$250 million [about £158 million] of public money. Ibori left the UK before he could be charged, was arrested in May 2010 in Dubai and was finally extradited to the UK in April 2011. Six people, including Ibori's wife and a London lawyer, have already either been convicted or pleaded guilty to charges relating to him, and more than £8.5 million has been confiscated from them. A London court froze about £35 million of Ibori's assets in 2007, after law enforcement officers found hard drives at the central London offices of lawyer Bhadresh Gohil, the London-based lawyer. Using the stolen money, Ibori had bought a mansion in Hampstead and another on the south coast, a mansion in South Africa, a fleet of armoured Range Rovers, a Bentley and a Mercedes Maybach. Ibori is to be sentenced in mid-April 2012.

Laundering Indian couple ordered to stand in court for the day - 26 February 2012

S P Goel and his wife Beena Goel, both in their sixties, have been found guilty of money laundering by a court in Delhi in India, and sentenced to a day-long detention and a fine of Rs 300,000 [about £3,850]. A special Central Bank of India (CBI) court was dealing with a tax evasion and money laundering case dating from 1992, and as well as the Goels, there had been ten other defendants: while waiting for the case to come to court, three died, one absconded and three others were never found. The Goels were found guilty of trying to launder Rs 13,000,000 by pretending that it was foreign exchange remittances in order to claim tax exemption. Mr and Mrs Goel were ordered by the court to stay standing in the courtroom till the end of the day's proceedings.

US army wife sent to prison for money laundering - 24 February 2012

Eurica Pressley has been sentenced in Alabama to 72 months in prison for participating in a bribery and money laundering scheme related to bribes paid for contracts awarded in support of the Iraq war. She was also ordered to serve three years of supervised release following the prison term and to forfeit US\$21 million [about £13.3 million] as well as real estate and several cars, jointly with her husband Eddie Pressley. Eddie was sentenced on 5 January 2012 to 144 months in prison and three years of supervised release. Assistant Attorney General Breuer said: "Eurica Pressley helped her husband and others facilitate a wide-ranging bribery and money laundering scheme by hiding ill-gotten gains and creating phony paperwork to help conceal the conspirators' crimes. Through the determined efforts of our agents and prosecutors, seventeen individuals have now been brought to justice for their role in this multi-million-dollar bribery scheme." James McJunkin, Assistant Director of the FBI's Washington Field Office, added: "While our military was working to set up government contracts to support United States efforts in Iraq, Eurica Pressley and her husband set up shell companies to hide illegal proceeds of a scheme that defrauded the United States government. Today's sentencing demonstrates that those who commit fraud, no matter where it occurs, will be held accountable for their actions."

UK government to launch thirty more taskforces to tackle tax evasion - 23 February 2012

The UK's HM Revenue & Customs (HMRC) has announced that it will launch thirty new taskforces to tackle tax evasion. The taskforces, due to start work this year and next, will target specific business sectors in specific locations where there is evidence of tax evasion, such as the clothes industry, the motor trade, and indoor and outdoor markets. HMRC expects to collect over £50 million as a result of the work of twelve taskforces already launched and, with thirteen criminal investigations underway, this figure is set to rise. David Gauke, Exchequer Secretary to the Treasury, said: "HMRC's taskforces are cracking down on people who choose to break the rules and creating a level playing field for the majority who play by them. It is completely unacceptable, at a time when we are trying to bring down the deficit that, while most hard-working people pay the right tax, there are others who try to get out of contributing their fair share. HMRC has received lots of useful information on its evasion hotline, which shows that the honest majority are quite rightly fed up with the dishonest minority." Richard Summersgill, HMRC's Director of Local Compliance, added: "Only those who choose to break the rules, or deliberately evade the tax they should be paying, will be targeted. If you deliberately seek to evade tax, HMRC can and will track you down, and you'll face not only a heavy fine, but possibly a criminal prosecution as well." HMRC's Tax Evasion Hotline is 0800 788 887.

Science fiction author pleads guilty to fraud and money laundering - 21 February 2012

American science fiction Mitchell Gross (who writes under the name Mitchell Graham) has pleaded guilty to wire fraud and money laundering. Gross began a

romantic relationship with a woman he met through an internet dating service and, claiming he was independently wealthy and financially secure, convinced her to wire nearly US\$3 million [about £1.9 million] to an account that he controlled. He also befriended an unmarried couple and represented himself as “successful lawyer and entrepreneur” – although legally trained, Gross was disbarred in 1991 for dishonesty, fraud and deceit. He enticed the couple to pay \$2.2 million in “legal fees” to him over a decade in relation to a supposed lawsuit related to their real estate business. No such lawsuit existed, and the money they paid to Gross was used for his personal lifestyle and travel. He faces up to 40 years in prison and a maximum fine of \$750,000.

FATF pinpoints more countries with "strategic AML/CFT deficiencies" - 17 February 2012

At its plenary meeting in Paris on 15-17 February 2012, the Financial Action Task Force raised its level of concern on five countries, saying that they have “strategic AML/CFT deficiencies”. The countries are Ghana, Indonesia, Pakistan, Tanzania and Thailand. All five had previously been identified as being of some concern, but the FATF now says that they “have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies”. It is expected that jurisdictions around the world will now warn their financial sectors to treat business linked to these additional countries with more enhanced due diligence.

Fijian secretary jailed for money laundering - 17 February 2012

A Fijian woman, Monika Arora, has refused to tell the court where she hid part of the F\$472,466.47 [about £170,000] she stole from a hardware store and was sent to prison for seven years. Arora was the secretary to the MD of Vinod Patel and Company, and bribed a company accountant \$10,000 on 13 May 2007 to stop all investigations into the cashing of cheques belonging to the company. She then cashed approximately 36 company cheques at ANZ Bank before it was discovered that she had forged cheques and falsified invoices and payment vouchers on which the cheques were raised. She repaid \$41,272.38 – leaving \$431,194.09 unrecovered. Sentencing judge Justice Salesi Temo said: “You kept the money. You hid it also. You have no intention of telling anyone where you hid the money. You have every intention of profiting from your misdeed, perhaps when you get out of prison. Although ANZ Bank paid out the money you took from Vinod Patel and Company, ANZ Bank will have to recoup that money from somewhere – that is, from the public. You showed no remorse in this case. To this day, you have not revealed where you hid the money, or how you’ve used it.”

FATF publishes revised Recommendations - 16 February 2012

The Financial Action Task Force, the global standard-setter in the fight against money laundering and terrorist financing, has revised its Recommendations, which are used by more than 180 governments to combat these crimes. The revisions – made after consultation with governments, the private sector and civil society – provide authorities with a stronger framework to act against criminals and address new threats to the international financial system. The revised FATF Recommendations now fully integrate counter-terrorist financing measures with anti-money laundering controls, along with these changes:

- Combating the financing of the proliferation of weapons of mass destruction through the consistent implementation of targeted financial sanctions when these are called for by the UN Security Council
- Improved transparency to make it harder for criminals and terrorists to conceal their identities or hide their assets behind legal persons and arrangements
- Stronger requirements when dealing with politically exposed persons (PEPs)
- Expanding the scope of money laundering predicate offences by including tax crimes
- An enhanced risk based approach which enables countries and the private sector to apply their resources more efficiently by focusing on higher risk areas
- More effective international co-operation including exchange of information between relevant authorities, conduct of joint investigations, and tracing, freezing and confiscation of illegal assets
- Better operational tools and a wider range of techniques and powers, both for the financial intelligence units, and for law enforcement to investigate and prosecute money laundering and terrorist financing.

Giancarlo Del Bufalo, the President of the FATF, said: “Adoption of the revised Recommendations demonstrates countries’ shared commitment to fight money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction. The revised Recommendations include requirements for stronger safeguards in the financial sector, strengthened law enforcement tools and improved international cooperation.”

Money launderer sentenced to two extra years for breaching SCPO - 15 February 2012

Raj Koli, a convicted money launderer originally sentenced to 3½ years in prison, has been sentenced to two more years for failing to stick to the terms of an order designed to make it harder for him to commit further crimes. In January 2011, following his conviction for money laundering, Koli was made the subject of a Serious Crime Prevention Order (SCPO) to run for five years. The order limited his access to mobile phones, computers and cars, and made it compulsory for him to report his access to all these things to SOCA. Despite receiving extensive guidance from SOCA, it became clear by April 2011 that Koli had failed to comply with even the most basic of his reporting requirements. In a conversation overheard at a London petrol station, Koli said that SOCA was “all over him” – yet he failed to notify SOCA that he had access to the vehicle he was driving at the time. The list of provable SCPO breaches grew and in June 2011 Koli was arrested; searches of his home revealed unreported laptops, mobile phones and PC tablets.

Koli was recalled to prison to serve the remainder of his original sentence and in August 2011 he was charged with multiple breaches of his SCPO. After a trial in January 2012, he was found guilty of two breaches, and has been sentenced to 24 months' imprisonment for each count, to run concurrently and commence immediately. The judge said that Koli had "demonstrated a cavalier attitude to the requirements of the order" and that he had "deliberately and repeatedly breached the terms of the order and ignored warnings and reminders". Koli still owes most of a £1.6 million Confiscation Order and could yet be liable to serve a further default sentence for non-payment.

Woman jailed for laundering money stolen from university - 14 February 2012

Australian Joy Sanderson has been sentenced to eighteen months in prison for laundering more than A\$100,000 [about £68,500] she received from Curtin University. The university's former business manager, Tania Carter, issued false invoices in the name of Sanderson's company, and payment was sent to Sanderson's bank account. Sanderson then returned most of the money to Carter but kept almost \$23,000 which she used to pay bills and have a holiday. Carter has pleaded guilty to more than 400 charges of stealing about \$650,000 but is yet to be sentenced – she will appear in court on 17 February 2012. Curtin University noticed the discrepancies and reported their concerns to Australia's Corruption and Crime Commission.

Money recovered from canoe fraudster's wife - 14 February 2012

More than half a million pounds has been recovered from Anne Darwin in connection with an insurance fraud over her husband's faked death. John Darwin was reported missing in a canoe in the North Sea off Hartlepool in March 2002. His wife collected £501,641.39 in life insurance payouts while he hid in their marital home, allowing their two sons to think their father was dead. In November 2007 Darwin returned to the UK, telling police he was a missing person with amnesia, and the pair were found guilty in July 2008. Darwin was jailed for six years for deception, while Anne Darwin was jailed for six-and-a-half-years for fraud and money laundering.

The Crown Prosecution Service (CPS) obtained a freezing order under the Proceeds of Crime Act in December 2007, which prevented Mrs Darwin from accessing her assets. Those assets included an apartment in Panama City and a plot of land near the artificial Lake Gatun, which forms part of the Panama Canal. Both have now been sold. The CPS was also granted a confiscation order to retrieve the money Mrs Darwin received from her insurance companies and pension funds, along with £9,000 held in accounts in the UK and Panama, and this money will now be returned to the insurance companies and pension funds involved.

MSB pair sent to prison for twelve years for money laundering - 13 February 2012

Tarik Meghrabi and Amin Sabir, who provided money laundering services to organised crime groups, have been jailed for a total of more than twelve years. Meghrabi and Sabir ran a central London money service bureau (MSB) which dealt with more than £35 million of criminal proceeds before the pair were arrested in November 2009. Meghrabi set up an MSB, then called Euro FX Limited, after his father Ziad was arrested for money laundering in 2005 and sentenced in 2007 to ten years in prison for money laundering, and his son took on many of his father's clients. Sabir joined Meghrabi when the MSB moved to premises on London's Edgware Road, and they began trading jointly as CC Exchange and Bean Exchange. Much of the criminal money came from identity theft and tax fraud; one client, Nasir 'Nasa' Khan, was convicted of VAT fraud in December 2011. The money the men made from laundering allowed them to live extravagantly, with Meghrabi purchasing a £4.5 million house in Chelsea in addition to other London properties.

Both Meghrabi and Sabir denied all the charges and there was an 11-week trial, during which Sabir stated that one of his transactions involved converting around £25 million from Sterling to €500 notes for a Libyan national, Mohammed Al-Senussi, to spend on prostitutes and luxury living. (After receiving evidence from SOCA that that 90% of UK demand for €500 notes came from criminals, banknote wholesalers stopped supplying the denomination to MSBs in May 2010.) Alun Milford, Head of Organised Crime Division at the Crown Prosecution Service, said: "Tarik Meghrabi and Amin Sabir were involved in industrial-scale money laundering. In so doing, they helped organised criminals conceal their ill-gotten gains and they were richly rewarded for what they did. This was not victimless crime. Many of the identity theft victims were pensioners who lost their life savings. Their poverty stands in marked contrast to the champagne lifestyles Meghrabi and Sabir enjoyed. We will pursue them both for confiscation."

Illinois man sent to prison for penis enlargement fraud and money laundering - 10 February 2012

Gary Winner of Illinois has been sentenced to three years in prison for shipping unwanted penis enlargers to diabetes patients as part of a larger scheme that defrauded Medicare of US\$2.2 million [about £1.4 million] over four years, and for money laundering. He was also ordered to forfeit the \$2.2 million, pay a fine of \$12,500 fine and serve three years of supervised release following his prison sentence. Winner purchased penis enlargers for an average of \$26 each from online sex shops and then repackaged and shipped them to patients with information claiming the so-called "erectile pumps" helped "bladder control, urinary flow and prostate comfort". Winner targeted Medicare beneficiaries through his medical equipment company Planned Eldercare, and persuaded arthritis and diabetes patients to provide

their Medicare information by offering free medical equipment and supplies. Patients received the penis enlargers repackaged in clear plastic bags with an information sheet claiming “regular use” increases blood flow in the urinary tract and prostate. Winner then charged Medicare an average of \$284 for each pump, totalling \$370,305. (Medicare reimburses for products treating organic impotence and erectile dysfunction and requires the devices be “medically necessary” and prescribed by a physician; however, the pumps shipped by Winner served no medical purpose.) Winner defrauded Medicare of another \$1.8 million by seeking reimbursement for arthritic packages that he claimed Medicare beneficiaries and their physicians had ordered. He told patients enquiring about items they had not ordered to “put them under the sink”.

California nut fraudsters sent to prison for crimes including money laundering - 6 February 2012

John Salado, the ringleader of a gang that swindled California nut growers and processors, has been sentenced to eleven years and four months in prison. Salado was found guilty in November 2011 of bank fraud, mail fraud and money laundering. From August 2000 to October 2007, Salado, along with Randal Burtis, Robert Adams and Jason Espinola, stole almonds from nut growers and sold them under fictitious and nominee names, causing a nut processor to enter into fictitious purchases of “ghost loads” of nuts that did not actually exist. At the time, Salado was the almond buyer at a nut processing business, Burtis was the general manager at a nut hulling business, and Adams was the plant manager at another nut processing business, while Espinola acted as a purported nominee grower. The gang received payments in the fictitious and nominee names for nut sales, negotiated many of the cheques through banks using forged endorsements, and distributed the proceeds among themselves.

The judge found that Salado was the leader of the conspiracy, that he obstructed justice through his extensive lying at trial, that in carrying out the scheme he abused the position of trust he held at the nut processing business at which he worked, and that he used sophisticated means to carry out the scheme. US Attorney Benjamin Wagner said: “The agriculture industry is the backbone of the economy in the Central Valley [of California], and keeping it free of fraud is critical both to that industry and to consumers. Those who take advantage of their positions to rip off the agriculture industry will pay a steep price for their crimes.” Salado was also ordered to pay US\$2,025,134 [about £1,280,000] in restitution to victims and to forfeit nearly \$2.5 million to the government. Burtis, Adams and Espinola pleaded guilty and were sentenced in December 2011: Burtis was sentenced to 34 months, Adams to 46 months and Espinola to seven months.

US authorities drop investigation into cyclist for doping, drug trafficking and money laundering - 3 February 2012

US prosecutors have announced that they have closed their investigation into cyclist Lance Armstrong without charging him, nearly two years after they began looking into allegations that he and his cycling teammates committed a variety of possible crimes by doping. The possible crimes being investigated included the defrauding of the government, drug trafficking and money laundering. In particular, the authorities were exploring whether money from the US Postal Service, the primary team sponsor for the first four of Armstrong's Tour de France wins, was used to buy performance-enhancing drugs. Armstrong, who won the Tour de France a record seven times, has always emphatically denied all accusations that he used illegal performance-enhancing drugs. But his first Tour de France win in 1999 followed the event's largest doping scandal, and ever since he has fought suspicions that his Tour titles were tainted by drug use, although he has never tested positive.

Ohio couple sent to prison for laundering through luxury cars - 2 February 2012

Jimmie Goodgame, from Ohio, has been given a prison sentence of 70 months for laundering more than US\$1.5 million [about £950,000] for a group of drug dealers by using the money to buy a fleet of luxury vehicles. Goodgame is one of eight people indicted in 2011 in a huge heroin trafficking ring based in Cleveland; all but one have now been sentenced. Goodgame and his wife Stacy created three companies and set up numerous bank accounts, and then used money from those bank accounts to purchase more than fifty luxury vehicles in the names of their companies. In reality, the vehicles – including Range Rovers, Porsches, Audis, Cadillacs, Mercedes Benzes, BMWs and a Maserati – were all driven and controlled by drug dealers. Stacy allowed her husband to use her legitimate company, Goodgame Heavenly Cleaning, and her personal name and bank accounts for the money laundering efforts; she was sent to prison for eighteen months in October 2011. The drug ring supplying the money to be laundered was run by Addonise Wells and Mario Freeman, who have both already been sent to prison.

Four men given custodial sentences for commercial corruption in UK energy sector - 1 February 2012

Four men convicted last week of commercial corruption in the UK energy sector have been given lengthy prison sentences. Andrew Rybak was sentenced to five years in prison, Ronald Saunders to three years and six months, Philip Hammond to three years, and Barry Smith to twelve months suspended for 18 months and 300 hours of unpaid work. Rybak and Hammond were disqualified from acting as company directors for a period of ten years, and confiscation actions are to be undertaken against Rybak, Hammond and Saunders. Passing sentence, HHJ Deborah Taylor said: "All this was done without the slightest regard for the interests of others. Your activities in connection with these conspiracies had little, if anything,

to do with the interests of those engaged with the project, but were parasitic, leeching money for your benefit.” SFO Director Richard Alderman said: “Demanding backhanders in exchange for confidential and advantageous information saps business and is completely unacceptable to society. Hopefully these sentences will ring out the message loud and clear that the criminal justice system will do all it can to combat wrong-doing like this.”

FIFA whistleblowing hotline will not be launched as planned today - 1 February 2012

FIFA, the international governing body of football, has announced that its whistleblowers' hotline to help fight match-fixing will not be launched today as planned. FIFA has cited “administrative issues” for the delay and has not set a new launch date, although it insists that it “remains committed to implementing this measure as soon as possible”. The hotline was to be run independently by an outside organisation and operate throughout 2012. FIFA is offering a plea-bargaining amnesty for three months to players, coaches, referees and officials who report their own involvement in or connection to match-fixing.

Toy company owners sent to prison for laundering drug money - 31 January 2012

The owners of a Los Angeles toy company that made teddy bears have been sent to prison for laundering drug money for Colombian and Mexican traffickers. Meichun Cheng Huang and Ling Yu, owners of Angel Toy Company, were sentenced to three years in prison and ordered to pay a US\$20,000 [about £12,500] fine. Huang and Yu pleaded guilty in March 2011 to allowing Colombian and Mexican clients to drop off cash at their company's headquarters or deposit it directly into the company's bank accounts. The dirty cash then entered the legitimate financial system, and the money was returned to the traffickers when teddy bears were exported to Colombia and Mexico and sold to generate local “clean” money. During one four-year period, more than \$8 million in cash was deposited into the toy company's accounts – every single transaction under the \$10,000 reporting threshold operational in the US.

Nurse and pharmacist found guilty of illegal drug sales and money laundering - 31 January 2012

A registered nurse and her pharmacist husband from Boston in the US have been found convicted of illegally distributing prescription drugs and international money laundering. From October 2007 to October 2008, Gladys and Baldwin Ihenacho conspired to distribute prescription anti-anxiety and weight-loss drugs from Meetinghouse Community Pharmacy, which they co-owned. Meetinghouse was the distributor for an Internet pharmacy in the Dominican Republic: customers without

prescriptions ordered drugs online and then had their orders filled at Meetinghouse, which then mailed the drugs to the customers. At its busiest, Meetinghouse shipped about a thousand packages a week containing an estimated total 3.5 million pills drugs to customers all over the US who did not have valid prescriptions. The Ihenachos were paid US\$1.2 million [about £761,000] by the Internet pharmacy operators. Gladys was found guilty after a two-week trial and will be sentenced on 9 May 2012; Baldwin pleaded guilty in August 2011 and will be sentenced on 17 February 2012.

Lawyer and two others jailed for forgery involving Guernsey and Switzerland - 30 January 2012

Three men have been jailed for a €22 million forgery fraud on Swiss bank EFG Private Bank. Kevin Steele was a partner at London law firm Mishcon de Reya, while Michael Shephard was one of his clients and Mark Pattinson was an associate of Shephard's. Together they conspired to produce letters purporting to be from Bank Julius Baer & Co in Guernsey claiming that over £76 million was held in two Guernsey accounts and available for use as security on a €22 million loan to Shephard. The stated purpose of the loan application was to fund the development of a luxury Turkish resort where footballers Wayne Rooney and Ronaldinho had bought villas. Steele was sentenced to five years and six months in prison, while Shephard was sentenced to six years and three months and disqualified from acting as a company director for fifteen years. Pattinson was sentenced earlier this month to eighteen months; he had entered into an agreement to give evidence at the trial of Steele.

Leading Bulgarian mafia figure sent to jail for money laundering - 26 January 2012

Bulgaria's Supreme Court has confirmed that Petar Petrov, known as Amigosa and one of Bulgaria's most senior organised crime figures, will serve a three-year jail sentence for money laundering. Amigosa was originally sentenced in 2009 to five years in jail and a fine of BGN 25,000 [about £10,700] for laundering BGN 99 million, [about £42 million] and heading an organised group smuggling cigarettes via Macedonia. His jail sentence was reduced on appeal. Amigosa came to fame as the assistant to Ivan Todorov, aka the Doctor - one of Bulgaria's most legendary mafia bosses, who was shot dead in Sofia in 2006.

Allen Stanford finally goes on trial for fraud and money laundering - 25 January 2012

Allen Stanford, the Texas financier accused of defrauding investors of US\$7 billion [about £4.5 billion] through a Ponzi scheme involving his bank in Antigua, has gone on trial in Houston, Texas. He has pleaded not guilty to 14 counts of fraud and money laundering and – if convicted – faces up to twenty years in prison. The prosecution alleges that Stanford International Bank used the money raised from selling fraudulent certificates of deposit to pay off maturing contracts and to support their owner's other business ventures, including other banks, a brokerage that sold the certificates of deposit, an airline, cricket grounds and restaurants. Stanford and three of his former executives (themselves awaiting trial in Antigua) are accused of fabricating company documents and bribing officials in Antigua to cover up their illegal activities. His defence lawyers – the fifth legal team to represent him since he was indicted – say that Stanford's businesses were legal and that investors would have been paid if his companies had not been seized by the US government, thus destroying their value. Prosecutors say that Stanford used the proceeds of the fraud to fuel an extravagant lifestyle that included owning houses and yachts, and sponsoring cricket matches. He has been held in custody for two and a half years because of fears he would attempt to flee, and his trial is expected to last for six weeks.

Three properties to be civilly recovered from Scottish businessmen - 25 January 2012

Assets worth nearly a million pounds are to be seized from two Glasgow businessmen who are believed to have been involved in the illegal drugs trade, extortion of money from a taxi firm, and money laundering. Russell Stirton and Alexander Anderson were targeted by police in 2004; although neither was prosecuted, the Crown pursued them through proceeds of crime legislation and, after a lengthy legal battle, both men have been ordered to hand over three properties. Judge Lady Stacey ruled that three houses held by Stirton and Anderson, and other assets, valued at £922,000, were obtained through crime: "I have found that Mr Stirton was present when controlled drugs and a hand gun were imported into Dover from Calais in 1997. Mr Stirton and Mr Anderson were found to have a large amount of cash in a car on the M74 in 2000, in circumstances from which I infer that they were involved in some capacity in the supplying of controlled drugs or other contraband or the laundering of cash." Lady Stacey also found that both men had extorted cash from directors of Spring Radio Cars in Glasgow and laundered money by purchasing Skoda cars, and that the three houses concerned were obtained by mortgage fraud. Chief Superintendent Wayne Mawson of Strathclyde Police said: "The Proceeds of Crime Act offers a valuable tool to law enforcement agencies to see that ill-gotten gains do not remain ill-gotten. This case also offers a timely reminder that the police and other justice agencies will pursue the holders of such property for however long it takes."

Southampton newsagent sent to prison for money laundering - 24 January 2012

David Ojo, a newsagent from Southampton, has been jailed for three-and-a-half years for using his business to launder £581,000 for Internet fraudsters. Between February and July 2009, Ojo used his Western Union agency in his shop, Andor News, to send the money to accomplices: he received 695 transfers and sent out 784. Customer complaints led to an investigation, and in the cellar of the shop police found files containing false names and addresses used to disguise the transfers. The entries were in Ojo's handwriting and the files had his fingerprints on them. Ojo faces a confiscation hearing on 22 June 2012.

Arrests made in Thai FIU scam enquiry - 23 January 2012

In a follow-up to a story dated 10 January 2012, five people in Thailand have been charged with defrauding a woman by posing as anti-money laundering officials. The five were arrested in Chiang Mai, in possession of 32 bank passbooks, 126 ATM cards, seven mobile phones and a laptop computer. During December 2011, an elderly woman was contacted on many occasions by the fraudsters, one of whom claimed to be Seehanat Prayoonrat, secretary-general of Thailand's FIU, the Anti-Money Laundering Office (AMLO). She was told that she was being investigated for laundering money for drug traffickers, and she would be prosecuted and could have her money seized if she refused to transfer it to AMLO "for examination". On their instructions, the victim made 269 transfers totalling almost 30 million baht [about £615,000]. Police are in the process of issuing arrest warrants for owners of the private bank accounts and the ATM cards used in the scam.

Perfume shop owner sent to prison for money laundering - 21 January 2012

Vikram Datta, an Indian-American entrepreneur, has been sentenced to twenty years in prison for using his perfume distribution business to launder millions of dollars for Mexican drug cartels. According to Manhattan-based US Attorney Preet Bharara: "Datta used his perfume business to remove the stench from Mexican drug cartel money, and now he will pay a steep price for his crimes. This sentence should make anyone think twice about getting into business with narcotics traffickers." Datta owned several retail perfume stores on the US-Mexico border and sold significant amounts of perfume to Mexican buyers. As payment, he accepted millions of dollars in cash that had been generated from drug sales in the US. According to trial evidence about the laundering method known as the black market peso exchange, Mexican money exchange businesses purchased these "narco dollars" in exchange for Mexican pesos. The narco dollars were transported back into the US and used to purchase perfume at businesses, including Datta's, located in Laredo, Texas. Datta pleaded guilty to money laundering in September 2011.

US accuses Guatemalan lottery of being front for money laundering - 19 January 2012

The US Treasury Department has said that a popular private lottery in Guatemala is a front for laundering drug money. The department's Office of Foreign Assets Control confirms that it has designated Bington Millionario part of a drug-trafficking ring run by Marlory Dadiana Chacon Rossell, whom it calls one of the most prolific drug traffickers in Central America. It says that her organisation moves tons of cocaine each month between Guatemala, Panama, Honduras and Mexico and then on to the US. She is believed to launder tens of millions of dollars a month. The lottery's Facebook page says that it sells tickets in thousands of stores across Guatemala and has awarded a total of \$2 million [about £1.3 million] to 595,000 winners over the last three years. Guatemala's government says it will start an investigation.

Husband of accused Jakarta bank employee found guilty of money laundering - 19 January 2012

In a follow-up to a story dated 8 November 2011, the husband of former Citibank employee Malinda Dee has been sent to prison for four years and fined IDR 350 million [about £25,500] for forgery and money laundering. Malinda Dee was accused in November 2011 of embezzling about US\$5 million from Citibank in Indonesia and of laundering the money – she has yet to face trial. Her husband Andhika Gumilang was found guilty of accepting a total of IDR 147 million in the form of 24 bank transfers from Malinda, made through bank accounts belonging to Malinda's brother-in-law, Ismail bin Janim, and sister, Visca Lovitasari. Andhika also received a Hummer SUV car worth around IDR 1.1 billion from Malinda. Presiding judge Yonisman said: "The defendant surely knew that the money he had received was gained from crime." He added that Andhika also had seven identity cards in the names of Andhika Gumilang and Juan Farrero, each stating a different date of birth. The identity cards were later used to open different bank accounts to receive the transfers from his wife.

Belfast businessman ordered to hand over nineteen houses to SOCA - 16 January 2012

Thomas Smyth, a businessman from County Antrim, has been ordered to hand over nineteen houses to the Serious Organised Crime Agency. A Recovery Order was granted in Belfast High Court after Mr Justice Treacy deemed Smyth's property portfolio to be the proceeds of crime. The properties in question are Smyth's family home in a village near Belfast, and eighteen buy-to-let houses in County Antrim and Liverpool. SOCA's investigations showed that between 2000 and 2007 Smyth made

numerous fraudulent self-certification mortgage applications to a variety of financial institutions in order to obtain almost £2 million in loans to buy property, and therefore that Smyth had obtained his property portfolio through mortgage fraud, tax evasion and money laundering. Andy Lewis of SOCA said: “Thomas Smyth deliberately abused the system for his personal gain. This is a tough lesson but if you prop up your lifestyle through illicit profits SOCA will ensure you hand them back.”

Indonesian police chief sent to prison for drug trafficking and money laundering - 13 January 2012

Marwan Adli, the former warden of the Narcotics Penitentiary on Nusakambangan Island – Indonesia’s Alcatraz – has been sentenced to thirteen years in prison for assisting a drug ring operating inside the penitentiary, and money laundering. He was also ordered to pay a fine of 10 billion rupiah [about £710,000]. Adli says that he will appeal: “I feel that this sentence is too much for me. I think that there were documents that were not considered by the panel of judges.” Prison sentences were also handed down to Adli’s accomplices, Nusakambangan’s former prison security chief Iwan Syaefudin and former education chief Fob Budiyo. His son Andhika Permana Dirgantara and his grandchildren Dhiko Aldila and Rinal Kormial also received prison sentences for their roles in the drug ring.

Money laundering case collapses owing to police error - 12 January 2012

A money laundering trial has collapsed after Metropolitan Police officers revealed that they had “inadvertently” destroyed paperwork connected with the case, which concerned four members of the Maughan family arrested in the wake of a police raid on a travellers’ site in Camden Town, north London. Defence solicitors said the lost documents – receipts that proved ownership of goods confiscated by police – would have proven their clients’ innocence in court. Samira Noor-Khan, from law firm Hodge, Jones and Allen, said: “I’m angry about this because it’s been going on since 2010 and no evidence has been supplied. People have been held in custody during some of this time and had their freedom limited.” Superintendent Roger Smalley said Camden police followed a general Met policy of clearing property held in investigations as quickly as possible, but in this case the problem was an error: “Unfortunately, it would appear that due to administrative errors, a set of documents had been destroyed. This was extremely disappointing, resulting in a case not being able to be put forward for the court’s consideration. I am ensuring that we review our processes and systems to prevent a recurrence in the future.”

Barrister pleads guilty to theft from his own chambers - 12 January 2012

Barrister David Friesner has admitted stealing £81,500 from his own chambers. Friesner was deputy head of the 9 St John Street Chambers in Manchester when he left in 2009 following the allegations. He had been at the chambers for nearly fifteen years and was well-known for his work in serious criminal cases. One of his areas of expertise was fraud and money laundering and he prosecuted a number of high profile fraud cases. The judge, Mr Justice Singh, told Friesner: "You will have no doubt about the likely sentence in this case. In the circumstances of this case, and having regard to relevant guidelines, a sentence of immediate imprisonment is the likely sentence in your case. It's likely to be a substantial period of time." Friesner was given unconditional bail and will be sentenced on 10 February 2012.

Lancashire solicitor sent to prison for money laundering - 11 January 2012

Nicholas Heywood, a solicitor from Bolton in Lancashire, has been jailed for twelve months for money laundering. One of Heywood's clients, Keith Gough, won £9.5 million on the National Lottery in 2005. Gough's alcohol-related health problems made him vulnerable, and Heywood abused his position of trust when he transferred a loan of £13,750, which was intended for Gough, to himself. Gough died in 2010. Heywood also admitted perverting and prejudicing the course of justice in relation to Duncan Adamson, a friend and client who was convicted of money laundering in 2007: Heywood failed to produce two key files during a trial and although he later produced one of them, it was significantly altered. Detective Inspector Tim Dean of Cheshire Constabulary, said: "Heywood abused his trusted position as a solicitor with the deliberate intent of frustrating a police investigation and justice itself. I cannot think of a more damning condemnation of a solicitor other than to pervert the course of justice and launder money. His actions have undermined the public trust in all solicitors."

Manchester men sent to prison for mortgage fraud and money laundering - 10 January 2012

Mark Lloyd and John Johnson, from Greater Manchester, have been jailed for mortgage fraud and money laundering. Lloyd claimed on several mortgage application forms that he was the manager of a company selling hygiene products earning a six figure salary. However, his records with HMRC showed that his income never exceeded £14,000, and the director of the company confirmed that Lloyd was a delivery driver and that the wage slips Lloyd had submitted in the mortgage applications were false. Through the false applications, Lloyd obtained loans totalling £528,248. Johnson used a similar deception, claiming to work for the same hygiene company, which had never heard of him. An investigation was launched after Greater Manchester Police found the two men in possession of £500,000 in cash. Detective

Sergeant Neal Colburn said: “After recovering half-a-million pounds in cash, our investigations discovered that over a three year period, this pair were able to fraudulently obtain more than £700,000 from mortgage companies.” Lloyd was sentenced to three-and-a-half years in prison and Johnson to two-and-a-half years.

Thai FIU implicated in phone scam - 10 January 2012

An elderly woman in Bangkok has asked the Anti-Money Laundering Office (AMLO – the Thai FIU) to return about 30 million baht [about £612,000] which she claimed to have transferred to a bank account belonging to the agency’s chief. The woman claims that she transferred 2 million baht a day to bank accounts which she believed were held by AMLO secretary general Seehanat Prayoonrat. She said she had been contacted in December 2011 by a man claiming to be Police Colonel Prayoonrat who asked her to make the transfers, and warned her not to mention it to other government agencies as it was a top-secret request. The caller told her that she was being investigated for laundering money for drug traffickers, and that she needed to transfer the money “for examination”, and that if she did not make the transfers she would be prosecuted for money laundering.

The unnamed victim made 269 transfers to 75 different bank accounts but decided to stop after the caller asked her to mortgage her house and borrow from friends. She went to the AMLO office with her transaction receipts and asked for a refund, but preliminary enquiries have shown that the telephone number used to contact her does not belong to AMLO. The 75 bank accounts have been frozen, although nearly all the money has already been withdrawn by the fraudsters, and Police Colonel Prayoonrat has said that he will be asking the woman’s bank why it did not pick up on the unusual transactions. He said that AMLO is aware of about five phone scam gangs were operating from overseas and targeting elderly people, especially retired state officials who had pensions but stayed home alone. The investigation continues.

Rabbi sent to prison for money laundering - 4 January 2012

In the latest instalment of the Solomon Dwek saga, New Jersey rabbi Eliahu Ben Haim has been sentenced to five years in prison for money laundering. Ben Haim admitted that from October 2006 he met with Solomon Dwek (who later turned state’s evidence), and for a fee of approximately 10% agreed to launder and conceal Dwek’s funds through an already-existing underground money transfer network. Ben Haim further admitted that prior to laundering the money, he was repeatedly told that the funds were the proceeds of Dwek’s illegal businesses and schemes, including fraud and trafficking in counterfeit goods. Ben Haim directed Dwek to make cheques payable to several organisations that Ben Haim operated, including Congregation Ohel Eliahu, Friends of Yechave Daat, and Congregation Yehuda Yaaleh. Ben Haim

deposited the cheques into the relevant accounts and then wired the money to co-conspirators in Israel, Turkey, China, Switzerland and Argentina.