

Romanian former ministers accused of corruption - 28 December 2008

Romanian former state minister George Copos and twelve other people have been indicted on charges of money laundering and forgery. According to the Anti-Corruption Department, Copos, the majority shareholder in FC Rapid Bucharest football club, is indicted for actions he took as chairman of the Ana Electronic company and as a major shareholder of Ana Grup. Ana Electronic allegedly sold real estate to the National Lottery in 2004 at prices which differed from the ones the company declared to the fiscal authority, thereby cheating the state out of a million euros in taxes. Former Communications Minister Sorin Pantis has been accused of shady market operations.

[Back to top of page](#)

Illegal scrap-yard operator found guilty of money laundering - 23 December 2008

Daniel Power of Swansea has admitted making nearly £360,000 illegally dealing in scrap at his home address, and money laundering, and has been told to pay almost £190,000 within six months by sale of his assets, or be jailed for a year. Amongst the assets that must be sold are a BMW X3, a house worth £150,000, £11,627.87 in a bank account and a Lordship of Goldington title valued at £6,000. It is the first time Environment Agency Wales has prosecuted an illegal waste operator for money laundering, having argued that Power knew he was making money from an illegal activity. Officers began to investigate him after noticing a vehicle carrying scrap cars entering his property in September 2006, and started covert surveillance of the site in January 2007.

Speaking about the case, the agency's Graham Hillier said: "Legal waste companies are having a tough time of it in the current financial climate. It is even more important, as regulators of the waste industry, that we make sure everyone operates on a level playing field. Those who choose to operate outside the law will now not only face prosecution and a criminal conviction, they now have to understand we have the power to take away any financial gain they may have made from their crimes."

[Back to top of page](#)

Colombian football club used as "money laundering mill" - 20 December 2008

The former owner of top Colombian football club Independiente Medellin has turned himself in to police on a warrant for drug money laundering and other alleged crimes. Rodrigo Tamayo is the fourteenth current or former executive of the club to be arrested or surrender since last week – two more remain at large. The team is among several Colombian clubs alleged to have close ties to drug traffickers. Tamayo ran the club from 1988-1992 and 1998-2007, and prosecutors launched an investigation into him after a former club auditor, Juan Bautista Avalos, denounced him publicly as having converted the team into a money laundering mill. Avalos claimed that in the last three decades Independiente Medellin has been used to launder at least US\$150 million [about £100 million]. He alleged that Tamayo used the sale of players, among other methods, to launder money.

One of the sales was of Luis Amaranto Perea to Boca Juniors of Argentina in 2003; he now plays for Atletico Madrid.

[Back to top of page](#)

House of Lords launches enquiry into money laundering - 19 December 2008

The House of Lords EU Committee has launched an inquiry into EU and international cooperation to prevent money laundering and the financing of terrorism. The inquiry, which will be undertaken by the Lords EU Sub-Committee on Home Affairs, will look at the role of the EU and its member states in global efforts to prevent money laundering and terrorist financing. They will consider the level of international cooperation in detecting and preventing money laundering operations. The committee will consider what impact the ruling of the European Court of Justice in the Kadi case will have on EU efforts to tackle the problem. (In the Kadi case the ECJ ruled that the EU could not implement a UN Security Council resolution to impose economic sanctions on Yassin Abdullah Kadi, an associate of Osama bin Laden, as Kadi had not had the opportunity to put forward his comments on the proposed sanction order. The case reflects an assumption by the ECJ that it has jurisdiction to review sanctions already imposed by the UN Security Council.)

[Back to top of page](#)

Fourteen Taiwanese PEPs indicted on money laundering charges - 12 December 2008

Taiwanese ex-President Chen Shui-bian and thirteen close relatives and associates have been indicted on charges of corruption and money laundering. Chen and his wife Wu Shu-jean are alleged to have taken about NT\$490 million [about £9,850,000]. According to the indictments, Chen and Wu embezzled NT\$104,152,395 from the president's special state affairs fund. Chen, Wu, family friend Tsai Ming-cheh, and former Hsinchu Science Park administrator James Lee pocketed US\$11.98 million in the purchase of a piece of land in Taiwan in 2004: Chen's share was NT\$100 million, while Wu accepted US\$6 million. Also in 2004, Wu accepted US\$2,735,500 from Rich Development Company chairman Kuo Chuan-ching in return for then-Interior Minister Yu Cheng-hsien leaking the names of those judging bids for construction projects at the Taipei World Trade Center's Nangang Exhibition Hall to Kuo. Yu, Kuo, and seven of the experts were indicted separately. Wu is charged with laundering the money overseas with assistance from her son Chen Chih-chung and daughter-in-law Huang Jui-ching, her brother Wu Ching-mao and sister-in-law, three family friends, and Kuo.

The indictments came precisely a month to the day after the ex-president was officially taken into custody. The investigation into Chen's alleged corruption began the day after he left office on 20 May 2008. Chen admitted at a news conference on 14 August that his wife had remitted US\$21 million into overseas accounts, but insisted that he had done nothing illegal.

[Back to top of page](#)

MONEYVAL issues warning about Azerbaijan - 12 December 2008

At a meeting in Strasbourg between 8 and 12 December 2008, the Council of Europe Committee of experts on the evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) issued a public statement regarding the deficiencies in the AML/CFT regime in Azerbaijan:

"MONEYVAL [notes] that a draft AML/CFT law had passed a second reading on 31 October 2008. This draft law does not comply in a comprehensive manner with key international standards. MONEYVAL calls on Azerbaijan to further revise this draft law... MONEYVAL also calls on its member States and other countries to advise their financial institutions to pay special attention by applying enhanced due diligence to transactions with persons and financial institutions from or in Azerbaijan in order to address the ML/FT risks."

[Back to top of page](#)

Texan chiropractor imprisoned for fraud and money laundering - 12 December 2008

Theresa Williams, a chiropractic clinic owner from Houston, Texas, has been sentenced to 33 months in prison for laundering the proceeds of an insurance fraud. Williams was also ordered to serve three years of supervised release upon completion of her prison sentence and to pay restitution of US\$1,771,737 [about £1,185,000] to The Hartford Insurance Company. From September 2005 to June 2006, Williams received cheques from the insurance company for treatment and services never actually provided. She conspired with a friend, Sandra Johnson, who was employed by The Hartford Insurance Company as a claims adjuster. Johnson will be sentenced in January 2009.

[Back to top of page](#)

SocGen and Barclays cleared of laundering in French case - 11 December 2008

Société Générale and Barclays have been cleared of money laundering charges by a French court, while a French regional bank and a Pakistani bank were fined after being found guilty on some charges. Barclays, Société Générale and the French lender's chairman, Daniel Bouton, were not part of a ring that funneled the equivalent of €82 million into Israel in the late 1990s, Judge Olivier Leurent said as he read a summary of the decision. Leurent did find National Bank of Pakistan guilty on some charges, imposing a fine of €200,000. Two of the bank's executives were cleared of all charges, while two others were found guilty on some charges, fined €20,000 each and given two-year suspended sentences. Société Marseillaise de Crédit was fined €100,000. The lenders were among four banks and about 150 companies and individuals tried for money laundering in the so-called Sentier Affair, named after the Paris garment district. The case against the lenders revolved around their role as correspondent banks for Israeli financial institutions.

[Back to top of page](#)

US footballer/lauderer on the run - 10 December 2008

In a follow-up to a story dated 17 September 2008 (see [Old news page](#)), an arrest warrant has been issued for former [New York Giants](#) football star Mark Ingram after he failed to report to federal prison on money laundering and bank fraud charges. Ingram, who pleaded guilty in November 2005, had been ordered to surrender to a prison in Kentucky on 5 December, but he never showed up. A warrant was issued for his arrest on 9 December, but he is still on the run. Ingram pleaded guilty to laundering money he believed to be the proceeds of drug sales, and to bank fraud for cashing counterfeit cheques. He has sought to remain free until after the college football season (which ends in early December) so that he could watch his son's freshman season as a running back at the University of Alabama.

[Back to top of page](#)

US Treasury decides against AML regulations for hedge funds and advisers - 9 December 2008

The US Department of the Treasury has withdrawn regulations it proposed in 2003 under the USA PATRIOT Act which would have required certain unregistered investment companies (e.g. most hedge funds), commodity trading advisers and investment advisers to establish anti-money laundering programmes. When the initial proposals were made, many advisers and hedge funds established a basic AML program without waiting for adoption of formal regulations. And although the proposed regulations have been withdrawn, those who already have an AML programme in place are advised to keep it. Such a programme is now commonplace and consistent with best practice; the SEC in inspections has made it clear that it expects registered advisers to have an AML programme as a matter of sound policy; and the AML laws of other jurisdictions already require such programmes for funds registered there. Finally, Treasury may propose new AML regulations in the future, as it has indicated that it will continue to consider the extent to which Bank Secrecy Act requirements, including AML programme requirements, should be imposed on unregistered investment companies, commodity trading advisors, and investment advisers.

[Back to top of page](#)

TI issues Bribe Payers Index 2008 - 9 December 2008

Transparency International, the anti-corruption agency, has issued its Bribe Payers Index (BPI) 2008. The BPI ranks 22 leading international and regional exporting countries by the tendency of their

firms to bribe abroad. (The combined global exports of goods and services and outflows of foreign direct investment of these 22 countries represented 75% of the world total in 2006.)

Belgium and Canada shared first place in the BPI 2008, with a score of 8.8 out of a very clean 10, indicating that Belgian and Canadian firms are seen as least likely to bribe abroad. The Netherlands and Switzerland shared third place on the index, each with a score of 8.7. At the other end of the spectrum, Russia ranked last with a score of 5.9, just below China (6.5), Mexico (6.6) and India (6.8). The BPI 2008 also shows public works and construction companies to be the most corruption-prone when dealing with the public sector, and most likely to exert undue influence on the policies, decisions and practices of governments.

[Back to top of page](#)

Wife of crooked charity boss found guilty of laundering - 8 December 2008

On Shu Kio, the wife of the former chairman of Singapore's National Kidney Foundation (NKF) Richard Yong, has pleaded guilty in Hong Kong to money laundering. On admitted transferring S\$2.8 million [about £1.28 million] out of Singapore (the proceeds from the sale of two properties there) into a bank account in Hong Kong. Yong was jailed for fifteen months in September 2007 for conspiring with his wife to transfer the money and fail to disclose his assets in order to avoid paying the charity, which had sued him successfully for breach of duties as former chairman. On was remanded in custody until her sentencing hearing next week; she faces up to fourteen years in jail and a fine of up to HK\$5 million [about £435,000].

[Back to top of page](#)

Solicitor fined £5,000 for money laundering - 4 December 2008

Jonathan Krestin, the managing partner at Butcher Burns, a commercial and property firm of solicitors, has been fined £5,000 on one count of money laundering at Isleworth Crown Court. He was convicted on 19 November 2008, after 2½-week re-trial, of using the firm's client account to launder money belonging to Michel Namer, a French national and convicted fraudster. An investigation by HM Revenue and Customs showed that Krestin transferred 14,000 euros from Namer to an Italian account in the name of Namer's mistress and former lap dancer, Dzindzer Jeles, knowing or suspecting the monies to be criminal property. He was found not guilty in relation to three other counts.

This sum was part of the proceeds of a 35,000,000 euro Missing Trader Intra Community Fraud orchestrated by Namer. The 14,000 euro transfer was made just days after Krestin had been served with a court order cataloguing the criminal offences of which Namer was suspected and in relation to which he was about to plead guilty. Namer was introduced to

Krestin by a qualified tax advisor, Neil Macpherson. Macpherson was convicted at the first trial and sentenced to three years' imprisonment in June 2008. That jury could not agree on verdicts in relation to Krestin and so there was a re-trial.

[Back to top of page](#)

Taiwanese former Investigation Bureau chief guilty of corruption in Chen laundering investigation - 4 December 2008

The Taipei District Court has sentenced retired Ministry of Justice Investigation Bureau chief Yeh Sheng-mao to ten years in prison for leaking information about a money laundering investigation into ex-president Chen Shui-bian. Yeh was found guilty of corruption, concealing government documents and leaking confidential information, for which he received a sentence of eight years and six months. He was also convicted to two years and six months for leaking confidential information to a lawmaker in a separate case of influence peddling. The court merged the two periods into one ten-year sentence.

Yeh is the first suspect to be convicted in the numerous scandals involving corruption and money laundering surrounding the former first family of Taiwan. His case started when a message was sent to his office by the Egmont Group in January 2008. The message said there were suspicions that the former first family was laundering money through a Swiss account in then name of Chen Shui-bian's daughter-in-law Huang Juei-ching. Instead of passing the message on to the State Public Prosecutor General for further investigation, Yeh warned Chen about its contents. The Taipei District Court also made the rare suggestion that prosecutors should launch further investigations into the ex-president's alleged involvement in money laundering, revealing secrets and influence peddling, looking in particular at the activities of Chen, his wife Wu Shu-jen, their son Chen Chih-chung and their daughter-in-law Huang, as well as Wu Li-pei, a former presidential adviser. Ex-president Chen himself has been in custody 12 November; he says that the money in his accounts comes from past election campaigns.

[Back to top of page](#)

Brazilian banker sentenced to ten years for bribery - 2 December 2008

One of Brazil's leading bankers, Daniel Dantas, has been sentenced to ten years in prison for attempting to bribe police a million dollars to drop a money laundering investigation into him and other employees of his Opportunity financial group. Dantas was also fined 1.4 million reais [about £400,000], but has been released pending his appeal against the ruling. Dantas was originally arrested in July 2008, along with former São Paulo Mayor Celso Pitta, on charges of money laundering and tax evasion, as part of a wide-ranging investigation into corruption. Prosecutors in São Paulo accuse Dantas of laundering the equivalent of £1.3 billion between 1993 and 2004 through Opportunity by using offshore fiscal havens.

[Back to top of page](#)

Botswana to get new AML legislation and FIU - 22 November 2008

Botswana is considering new legislation which will allow for the creation of a financial intelligence unit (to be called the Financial Intelligence Agency – FIA) and provide for the reporting of suspicious transactions. The FIA will be an independent body, “free from the control of any other authority”. The bill also establishes a national coordinating committee on financial intelligence, made up of representatives from the Ministry of Finance and Development Planning, the Directorate on Corruption and Economic Crime, the police, the Attorney General's chambers, the Bank of Botswana, the Unified Revenue Services, the Ministry of Foreign Affairs and International Cooperation, the Department of Immigration, the Non Bank Financial Institution Regulatory Authority, the Directorate of Intelligence and Security and the Ministry of Defence, Justice and Security. Among other duties, the committee “will assess the effectiveness of policies and measures to combat financial offences such as money laundering, financing of terrorism and the acquisition of property from the proceeds of any other offence”, and will meet quarterly.

[Back to top of page](#)

Portuguese bank chief charged with money laundering - 21 November 2008

Portuguese authorities have detained the former president of financially troubled small commercial bank Banco Portugal de Negocios (BPN) on charges including alleged tax fraud and money laundering. Jose Oliveira e Costa, who headed BPN between 1997 and early 2008, has been sentenced to three months' detention by the Central Criminal Tribunal in Lisbon. The detention aims to prevent the suspect from escaping and destroying documents that may contain incriminating evidence, said court officials, and could be extended beyond three months. The Portuguese government said earlier this month that BPN had suffered losses of about 700 million euros due to bad management and malpractice, and decided to nationalise the bank in a bid to prevent a financial crisis chain reaction in Portugal. Following the government's announcement, the media revealed that police investigations were already underway into BPN, which is suspected of being involved in money laundering.

[Back to top of page](#)

"Boric acid gang" sentenced to 23½ years in prison - 21 November 2008

Four men have been sentenced by Snaresbrook Crown Court to a total of 23½ years in prison for supplying cocaine and money laundering. SOCA officers did not find any cocaine, but they did find 15kg of boric acid, which is occasionally used as a 'cutting agent' mixed with cocaine to make street supplies go further. Cocaine sold on the street is regularly adulterated in this way, so that the substance sold may contain up to 80% boric acid – a substance often used in household laundry and drain-cleaning. Daniel Davis and Thomas Smith were found guilty of conspiracy to supply cocaine

and money laundering, and Kevin Downes and Paul Leaper were found guilty of money laundering charges. Davis was sentenced to 11 years, Smith to 6 years, Downes to 5 years and Leaper to 18 months. A confiscation hearing will take place on 1 May 2009.

Serious Crime Prevention Orders were granted in respect of Davis and Downes. These include the first imposition of restrictions on travel abroad and possession of substances which may be used as cutting agents, as well as the use of bank accounts, credit, mortgages and mobile phones. Any breach of these orders may lead to an additional five years in prison.

[Back to top of page](#)

Conrad Black pleads for clemency - 20 November 2008

Conrad Black has asked for a pardon from President Bush. The Canadian-born peer has been in prison in Florida since March 2008, when he began serving a 6½ year sentence for defrauding shareholders of Hollinger International. US presidents are often swamped with appeals for clemency in their last days of office, but the current economic woes mean that Lord Black is likely to get short shrift. And Mr Bush's successor is unlikely to be very sympathetic either, having previously taken a fierce stand against white collar crime.

[Back to top of page](#)

Norfolk's largest-ever laundering investigation reaches a successful conclusion - 20 November 2008

Four men and two women have been convicted in the largest money laundering operation ever carried out in Norfolk, bringing to an end a 22-month long investigation into cannabis factories. Luan Van Phan and Phuong Thi Kim Nguyen from Norfolk and Bich Nga Le, Hoang Hoi Dao, Ngoc Anh Dao and Jean Yves Nicolas Ephigene, all from London, were convicted of offences including conspiracy to produce a controlled drug, conspiracy to money launder and mortgage fraud. Five properties were converted by the gang into cannabis factories: three in King's Lynn, one in Sunbury on Thames and one in London. Police raided the properties and seized numerous cannabis plants at different stages of development. The six on trial laundered the proceeds from their crimes by buying property and luxury vehicles, and the police seized assets worth in excess of £1 million. The six will be sentenced in January 2009.

[Back to top of page](#)

US dentist imprisoned for money laundering - 20 November 2008

A Chicago dentist who pleaded guilty to money laundering in a scheme involving prostitutes, pimps and yuppie condominiums has been sent to prison for more than three years. Gary Kimmel admitted to providing services to the prostitution ring by helping pimps lease expensive cars and

renting his condos to them. At least one of the condos owned by Kimmel was used for prostitution. Kimmel also fixed the teeth of prostitutes, accepting cash from pimps to do so. Kimmel was arrested in 2005 and later gave up his dental licence. US District Judge Blanche Manning called Kimmel's offence "a terrible situation for many women".

[Back to top of page](#)

Millionaire loan shark laundered through property and cars - 19 November 2008

A millionaire loan shark whose only legitimate business was a tanning salon in Surrey has been jailed after being extradited from Spain. Scott Linegar had a £780,000 nest egg and his income "far exceeded" that from Perfection Tanning in Tadworth. Linegar admitted to police that he ran a £28,000-a-week loan shark empire, after they found holdalls packed with more than £46,000 collected from customers in a Mercedes which Linegar abandoned after it crashed in south-east London. After an initial appearance before magistrates, Linegar skipped bail and fled to Spain with his girlfriend Kelly Lawton, and it took police two years to track them down before they were extradited. Linegar admitted his crimes but would not disclose the location of his money. However, investigations revealed that the £53,000 (crashed) Mercedes had been bought for cash, and he paid a £50,000 cash deposit for a property in Orpington and a £40,000 cash deposit for a second home in Banstead. At the time of his arrest, he was about to put down a £35,000 deposit for the Hop Inn pub in Paddock Wood, Kent. Linegar admitted two counts of money laundering, three of possessing criminal property and one of unlicensed money lending and was jailed for three years and six months.

[Back to top of page](#)

Arts patron found guilty of fraud and money laundering - 19 November 2008

In a follow-up to a story dated 23 September 2008 (see [Old news page](#)), Manhattan investment adviser Alberto Vilar has been found guilty of fraud and money laundering. Vilar, famed for his donations to opera companies worldwide, was found guilty of all twelve charges he faced, including conspiracy to commit securities fraud, securities fraud, money laundering, investment adviser fraud, mail fraud and wire fraud. His business partner, Gary Tanaka, was found guilty of conspiracy to commit securities fraud and one count of securities fraud. Both men are out on bail and now face a maximum prison sentence of up to 20 years.

The business partners founded Amerindo Investment Advisers Inc, which had offices in London, New York and San Francisco with US\$10 billion under management at its height with investments in Microsoft, Cisco, Intel and other technology stocks. Prosecutors argued that after the tech bubble burst in October 2002, the partners were deep in debt and stole money from clients to pay their bills. These included paying an arts college to which Vilar had pledged money and to make mortgage payments on his New York apartment. Vilar ranked high in the culture world for the millions he

gave, but also fell short in promised donations to the Metropolitan Opera in New York, the Los Angeles Opera, the Washington National Opera and other groups.

[Back to top of page](#)

UK police receive £5.97 million from PoCA confiscations - 17 November 2008

The Home Office has announced that criminal assets confiscated by police forces and other asset recovery agencies between April and June 2008 totalled £28.6 million, and £14.3 million of it is to be shared between police, prosecutors and courts. Since the Proceeds of Crime Act came into effect in 2003, £497 million has been seized, and an incentive scheme introduced in 2006 allows the police and recovery agencies to retain half of all cash they seize from criminals. £5.97 million will be given to police forces in England and Wales (compared with £3.71 million paid out in the same quarter last year). HM Revenue and Customs will receive £2.39 million, the Crown Prosecution Service £2.74 million, HM Revenue and Customs £1.56 million, and SOCA £400,000. For the first time, police and prosecutors will receive more than the courts, in an 18.75%/18.75%/12.5% split of confiscation receipts.

[Back to top of page](#)

Russian banker jailed for murder of central banker Andrei Kozlov - 13 November 2008

Aleksei Frenkel, an executive at VIP Holding Bank in Moscow, has been sentenced to nineteen years in prison for hiring gunmen to kill a government regulator who had imposed sanctions on his bank. Frenkel was arrested three months after the first deputy chairman of the central bank, Andrei Kozlov, and his driver were shot to death in a car-park on 13 September 2006. Angry after the regulator sanctioned his bank, Frenkel persuaded a colleague to hire three Ukrainian taxi drivers to shoot Kozlov, who was at the time the country's highest-ranking regulator of consumer banks. Frenkel has maintained his innocence through the investigation and trial, and is planning to appeal.

[Back to top of page](#)

Antigua and Barbuda upgrades its AML/CFT regime - 10 November 2008

Antigua and Barbuda has passed the Money Laundering Prevention Act 2008. The updated legislation makes provision for the licensing and regulation of the transmission of money or monetary value in any form. It also makes it an offence for a person who knows or suspects that a financial institution is about to submit a suspicious activity report to divulge that fact to another. Record-keeping and reporting requirements are also updated to bring them up to international standards. On the same day, the parliament also approved the Prevention of Terrorism Act 2008.

[Back to top of page](#)

British man charged with laundering in Prague - 6 November 2008

A British man, Jason Lee Dupuy, has been charged with money laundering in the Czech Republic. He is one of two men running a Prague-based money exchange company called Aktiv Change, which has been under police scrutiny since 2005. He is accused of laundering more than 5.3 billion crowns [about £173 million] of criminal proceeds by wiring the money overseas, mainly to accounts in China and Vietnam. In early October 2008, police searched the company's office and arrested Dupuy's business partner Omar Mogheth, a Czech citizen of Egyptian origin.

[Back to top of page](#)

Hawala dealer in Washington imprisoned for over nine years - 4 November 2008

Saifullah Anjum Ranjha, a Pakistani citizen living in Washington in the US, has been sentenced to 110 months in prison for money laundering and concealing terrorist financing. Ranjha pleaded guilty in August 2008 to operating a Washington money remittance business. Cooperating witnesses posed as drug smugglers, cigarette smugglers and other criminals, and in one case as a terrorist who wanted to send money to al-Qaida. From October 2003 to September 2007, the cooperating witness gave Ranjha and his associates more than US\$2.2 million [about £1.4 million] in government money to transfer the funds abroad through an informal Hawala money transfer system. US District Judge Marvin Garbis also ordered Ranjha to forfeit \$2,208,000.

[Back to top of page](#)

Dutch to tighten controls on property sector - 3 November 2008

The Netherlands plans to tighten controls over the property sector to combat fraud and money laundering. Dutch Justice Minister Ernst Hirsch Ballin has announced that the ministries of justice, finance and home affairs will work out a set of measures to tackle the lack of both supervision and transparency that has so far made it difficult to prosecute those abusing the property sector. Estate agents, property valuers and notaries will have to prove the integrity of their transactions, provide authorities with clearer information about their business methods, and help prevent mortgage fraud. Notaries will also have to make their files available to authorities for scrutiny to curtail lawyer-client privileges. A real estate intelligence centre will be established, allowing the department of public prosecutions, the tax authorities, financial investigators and the police to collaborate. A new warning system will be set up under which the Land Registry will warn notaries of what are known as ABC transactions, where a property repeatedly changes hands in a short period of time with huge profits.

[Back to top of page](#)

First Scottish financial reporting order imposed - 31 October 2008

Donald Birrell, who was jailed for ten years in August for money laundering and fraud, has become the first person in Scotland to be the subject of a financial reporting order. Prosecutors made a case for the 7½ year order on the grounds that they feared he would direct criminal activities from inside prison. Birrell must now: list all property, money and assets in which he has an interest; detail any spending or transfer of money over £500; explain all income by providing receipts or invoices; reveal any mortgages, loans, overdrafts, credit or store cards that he has applied for; and give details of involvement in any company. He has to provide an initial report to the Scottish Crime and Drugs Enforcement Agency by 15 December 2008 and every six months thereafter.

[Back to top of page](#)

UK firm and MLRO fined for AML failings - 29 October 2008

The Financial Services Authority (FSA) has fined Sindicatum Holdings Limited (SHL) £49,000 and its money laundering reporting officer (MLRO), Michael Wheelhouse, £17,500 for not having adequate anti-money laundering systems and controls in place for verifying and recording clients' identities. This is the first time the FSA has fined a money laundering reporting officer.

The FSA found a number of failings including:

- the firm failed to implement adequate procedures for verifying the identity of its clients

- it failed to verify adequately the identity of a significant number of its clients

- it failed to keep adequate records with regard to the verification of the identity of its clients, and

- Mr Wheelhouse failed to take reasonable steps to implement adequate procedures for controlling money laundering risk.

William Amos, head of retail enforcement at the FSA, said: "It is vital to the integrity of the UK's financial markets that regulated firms are not used by criminals to launder money. Senior management must implement and follow procedures that meet our requirements so that the risks their firms face are properly managed." In deciding the penalty for SHL, the FSA took into account the limited financial resources of the firm and its ability to pay the fine. Had it not been for these factors the penalty would have been significantly larger.

SHL and Mr Wheelhouse have taken robust steps to review and improve the firm's systems and controls in relation to financial crime. The FSA did not find any evidence of money laundering at the firm.

[Back to top of page](#)

Prize draw fraud scam targets elderly UK victims - 27 October 2008

The Office of Fair Trading has revealed that over twenty elderly people collectively handed over £350,000 in a prize draw fraud that also tricked its victims into laundering other people's money. The victims were telephoned and told that they had won a prize draw worth up to £500,000, and to claim their winnings, they had to pay refundable taxes and insurance fees, paid by money transfer to Canada. In a later call victims were told that their prize had arrived at a UK airport but further sums were required to release it. They were instructed to send cheques, often for thousands of pounds, to UK "agents" – typically other victims who had exhausted their life savings and were told that the money was from sponsors to help them pay the prize release fee. The "agents" were told to bank the cheques and transfer the money overseas.

[Back to top of page](#)

Second 9/11 embezzler jailed for nearly six years - 24 October 2008

In a follow-up to a story dated 30 October 2007 (see [Old news 2007 page](#)), Rosa Abreu has been sentenced to 70 months in prison for her part in embezzling money intended to help the victims of the 9/11 attacks on New York. Abreu was the director of records at the medical examiner's office, and supported computer systems used to track and identify forensic evidence, including the DNA of victims of the attacks. She admitted conspiring in the scheme designed by her boyfriend Natarajan Venkataram by setting up shell companies to launder about \$13 million in computer service contracts for the medical examiner's office. Venkataram was sent to prison for fifteen years in July 2008.

[Back to top of page](#)

Jersey announces changes to AML legislation - 22 October 2008

The Jersey Financial Services Commission (JFSC) has published proposed amendments to the Money Laundering (Jersey) Order 2008. The Order currently requires businesses within its scope to apply customer due diligence measures, to keep records, and to have policies and procedures in place to prevent and detect money laundering and terrorist financing. Businesses that are covered by the Order include banks, investment businesses, trust companies, lawyers, accountants and estate agents.

The main effect of the amendments would be to:

- require disclosures to the Joint Financial Crimes Unit to be made on a prescribed form

- require enhanced due diligence measures to be applied where a customer has a connection with a country or territory that does not apply the FATF 40+9 Recommendations

- permit, in certain circumstances, the disclosure of certain information to a person with

whom a business shares common ownership

make it an offence to set up an anonymous account or to run an account using a fictitious name

prohibit the provision of banking services to “shell” banks.

The amendments are likely to come into force on 7 November 2008.

[Back to top of page](#)

Korean online gaming laundering ring uncovered - 22 October 2008

Korean police have cracked a criminal ring that ran bought online “game money” in China and then sold it in Korea. A spokesman for the Seoul Metropolitan Police Agency explained: ““We arrested two individuals, including the ring leader who is a 37-year-old man named Jeong. The gang purchased game money produced illegally in China (using cheap labour and virus programs) between May 2007 and September 2008, then cashed the money through domestic game item brokerages. They then illegally wired a total of US\$38 million from Korea to China. They are believed to have taken a commission of 3% to 5% of the money traded to purchase game money.”

In order to launder the proceeds, the gang used bank accounts opened in the names of other individuals and wired money from the accounts to a Hong Kong-based paper company in the form of payments for product purchase. Police also said: “The gang used a virtual private network for IP laundering. Using the network, the suspects hid their real location. The network made their China-based IP look like that of an Internet cafe in Korea.” Charges have also been filed against eleven Koreans who allowed the gang to use their bank accounts for money laundering.

[Back to top of page](#)

Gates Foundation makes anti-corruption donation - 22 October 2008

The world anti-corruption agency, Transparency International, has been awarded a grant of US\$6.9 million [about £4.2 million] by the Bill & Melinda Gates Foundation in support of its work to promote government transparency and accountability in sub-Saharan Africa. The grant will support a three year program aiming to promote good governance that will result in greater access to and improved delivery of key basic services such as health, education and water in Cameroon, Ghana, Kenya, Nigeria, Senegal, South Africa, Uganda and Zambia. The programme – entitled “Transparency and Integrity in Service Delivery in Africa” – will run from 2008 to 2011, and will involve the development of analytical tools such as corruption “risk maps” to inform advocacy for improved integrity, transparency and accountability in basic service delivery.

[Back to top of page](#)

UK criticised for poor anti-corruption record - 17 October 2008

The OECD Working Group on Bribery has completed a special review of the UK's record in fighting foreign bribery. Transparency International (UK) has called on the UK government to stop procrastinating and address the fundamental weaknesses identified in the OECD's recommendations. The government promised in June 2000 to introduce a law to criminalise foreign bribery; eight years later, it is still promising to do so "next year". The review was provoked partly by the decision to terminate the Serious Fraud Office's investigation of allegations of bribery involving BAE Systems and the UK-Saudi Al Yamamah arms deal.

Chairman of Transparency International (UK), Laurence Cockcroft, said: "The Government's claim that the UK is leading the way in tackling corruption is fiction. The recent injection of extra resources cannot disguise years of inaction and the need for reform. There have been only two cases in the UK since the 1997 OECD Anti-Bribery Convention came into force. In contrast, there have been 103 cases in the USA, 43 in Germany, and 19 in France. The facts are plain to see, more prosecutions of companies and individuals are needed to send the right message to business. Transparency International's Corruption Perceptions Index published last month showed the UK's rating dropping from 8.4 to only 7.7."

[Back to top of page](#)

EU refers Belgium, Ireland, Spain and Sweden for non-compliance with MLD3 - 16 October 2008

The European Commission has decided to refer Belgium, Ireland, Spain and Sweden to the European Court of Justice over non-implementation of the Third Money Laundering Directive. The transposition deadline for the Directive was 15 December 2007. The Directive incorporates into EU law the June 2003 revision of the FATF's 40+9 Recommendations, and tightens the EU anti-money laundering regime applicable to the financial sector, lawyers, notaries, accountants, real estate agents and casinos. The scope of the Directive is broadened also to encompass trust and company service providers as well as all providers of goods, when payments are made in cash in excess of €15,000. In addition, the Directive requires the application of the anti-money laundering procedures to the fight against terrorist financing. Finally, the Directive introduces additional requirements and safeguards for situations of higher risk (e.g. trading with correspondent banks situated outside the EU).

[Back to top of page](#)

Gibraltar police help with UK money laundering conviction - 16 October 2008

Christopher Rowe, the main suspect in a Metropolitan Police drug trafficking and money laundering investigation codenamed Operation Oldcourt, has pleaded guilty to conspiring to supply one ton of cannabis and conspiring to launder more than £7 million. Assistance offered by the Financial Crime Unit of the Royal Gibraltar Police (RGP) was instrumental in securing Rowe's guilty plea. Evidence

was collated by RGP financial investigators to show that Rowe had used Gibraltar-registered companies he had set up to disguise the source of funds held in other jurisdictions. Rowe is due to be sentenced at Kingston Crown Court on 22 December 2008. There will also be a confiscation hearing to recover the estimated £8 million he made from his crimes.

[Back to top of page](#)

Students targeted by money launderers - 14 October 2008

Students at the University of the West of Scotland are being warned to beware of criminal gangs who are going to extreme lengths to lure them into money laundering. The Scottish Crime and Drug Enforcement Agency (SCDEA) has said university and college bars are prime target for criminals looking for money mules. They encourage students to receive funds into their bank accounts, which are then withdrawn and sent to a third party. In return, the criminals offer students – many of whom are struggling to make ends meet – a cash payment. Gurjit Singh, president of the National Union of Students in Scotland, said he is “deeply worried” about the efforts by criminals to use sophisticated recruitment techniques, such as job advertisements, to specifically target students. “What could look like easy money could actually result in a criminal record and we would encourage any student who is approached in this way to make the police, the bank and their institution aware.”

[Back to top of page](#)

Qatar to enhance its AML/CFT legislation - 11 October 2008

Qatar is drafting new AML/CFT legislation to extend the scope of the two offences and to ensure full compliance with FATF's 40+9 Recommendations, relevant international conventions and UN Security Council resolutions. This is partly as a result of a recent IMF report on Qatar, which found that Qatar should extend the scope of money laundering as an offence with respect to the FATF list of predicate offences, and that “the financing of terrorism offence needs revising to include all the material elements called for under the standard. A coherent system needs to be established for the declaration/disclosure of the physical cross-border transportation of currency and bearer negotiable instruments.”

Qatari authorities have said: “The introduction of the Qatar Financial Markets Authority (QFMA) is a step in the right direction to meeting the IMF recommendations. The decision to create a new single regulator will mean all financial institutions in Qatar will be subject to the measures (including AML/CFT measures) currently upheld by the QFC (Qatar Financial Centre).” Existing regulations and rulebooks will be amended, to enhance the preventive measures for all financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs).

[Back to top of page](#)

Essex man sentenced to prison for VAT fraud and laundering - 9 October 2008

Paul Mayhem of Brentwood in Essex has been jailed for two years for setting up a VAT fraud involving the import and export of computer chips, and then laundering more than £620,000. Mayhem put money into foreign companies and accounts he had set up using false invoices and then used some of the profits to buy part of a care home in Essex. An HMRC investigation discovered that he was the owner of an offshore company in Cyprus called Treepark Trading, which received a series of false invoices. He then further disguised the funds by sending almost £350,000 to accounts in Spain set up by his acquaintances under the pretence of genuine business invoices, and moved £250,000 to a second Cypriot company under his control called Arminox.

Speaking after the conviction, Robert Gray, assistant director of HMRC, said: "It is important that those who launder the criminal gains of VAT fraud are brought before the courts. VAT fraud is not a victimless crime: it diverts vital funds from public services and HMRC will do everything within its power, including working with enforcement agencies around the world, to stop it." HMRC has now launched confiscation proceedings against Mayhem in order to recoup the laundered money.

[Back to top of page](#)

Vietnam launches its first international money laundering investigation - 3 October 2008

Police in Vietnam have arrested two Mozambicans and are seeking a Congolese in the country's first international money laundering case. A commercial bank in Da Nang, a central Vietnamese town, alerted the police when Baggio Carlitos Linska, from Mozambique, opened two accounts simultaneously. Shortly after the accounts were activated, more than 4.1 billion dong [about £141,000] were transferred to them, which Linska immediately withdrew. Police arrested Linska at the airport in Ho Chi Minh City on 24 September as he was preparing to leave Vietnam. Linska said that the money had been transferred to him by fellow Mozambican Massamba Lendebe Elvis, and Elvis was then arrested in the southern port city of Vung Tau. He had travelled there to open bank accounts in order to receive over £290,000 stolen by accomplices abroad. After receiving the money, he had transferred 4.1 billion dong to Linska's account and 3.3 billion dong to Niatty Lokasso Djamaba, a Congolese citizen in Ho Chi Minh City. Police have not yet detained Djamaba and do not know where his money is hidden.

"This is the first international money laundering case ever found in Vietnam," said Senior Lieutenant Colonel Duong Canh Mai, a police officer in Da Nang. The police have confiscated 4.1 billion dong, and Interpol is now involved in the investigation. The Anti-Money Laundering Information Centre of the State Bank of Vietnam (Vietnam's FIU) opened in March 2007 and has since investigated 20 suspicious transactions. This is the first investigation that has resulted in arrests.

[Back to top of page](#)

The not-so-fabulous baker boys - 30 September 2008

A report in the Guardian has revealed that the mafia in Naples is expanding its business interests from drug sales, the building industry and rubbish collection into baking. City authorities suspect that Camorra clans are behind many of the 1,400 unlicensed backstreet bakeries in and around the city which supply hundreds of street vendors who sell loaves out of car boots. Open 24 hours a day, the street sellers attract customers with crusty bread fresh from wood-burning ovens, but police investigators say that they are slowly poisoning their customers by burning old varnished wood, nut shells covered in pesticides and even planks pulled from exhumed coffins. "Whoever buys this bread is eating dioxins and carcinogenic substances and putting their health at serious risk," said Francesco Borrelli, assessor for agriculture for the province of Naples.

Borrelli's investigations prompted raids by Carabinieri police, who found dough being mixed by illegal immigrant labourers in filthy, humid and mould-streaked cellars, some perilously close to burning piles of toxic waste dumped in fields around Naples by the Camorra. The capital for clandestine ovens is Afragola, a small town outside Naples: in addition to the town's seventeen legal bakeries, a hundred underground operations were discovered. Across the province, backstreet baking is a business worth €600 million a year, the bulk of which is controlled by mobsters. But Borelli fears the situation will worsen: "We believe the clans are now forcing legitimate middlemen to buy the bread and sell it on to food stores owned by the same clans, issuing regular receipts in the process and turning it into a handy money laundering opportunity."

[Back to top of page](#)

Latvian/Lithuanian laundering ring broken - 29 September 2008

The Lithuanian Financial Crime Investigation Service (FCIS) has detained two members of an international gang suspected of laundering more than 36 million litas [about £8.29 million] in Latvia and Lithuania. FCIS officers arrested the pair in Radviliskis, a small town 200km north of Vilnius, as they left a bank after withdrawing 53,000 Latvian lats [about £60,000]. Searches of their cars and homes revealed documents and other items belonging to Latvian companies, as well as more cash. The two men are suspected of using forged letters of authorisation from at least twelve Latvian-registered companies, which enabled them to manage the bank accounts of those companies. When cash was paid into the bank accounts, the suspects divided the sums up and made bank transfers to accounts of other Latvian companies. The money was later withdrawn in cash. The companies carried out no economic or financial activities, and the FCIS suspects that they were used purely to conceal and launder money through financial transactions.

[Back to top of page](#)

China fines twelve institutions for AML failures - 27 September 2008

The People's Bank of China punished twelve financial institutions involved in money laundering in the first half of this year with fines totalling 2.25 million yuan [about £180,000]. Tang Xu, head of the bank's anti-money laundering bureau, said, "We have checked a total of 1,084 financial organizations, which include 907 banking institutions, 71 securities and futures institutions and 106 insurance institutions." Tang would not name any of the organisations but did say he has seen more money flowing in and out of underground private banks through questionable dealings in recent years. Those banks make illegal transactions by collecting idle capital and then promising high interest rates. They then lend money at even higher interest rates to reap profits. "This illegal foreign currency dealing, money laundering, money lending at high interest and illegal fund raising has disturbed the country's economic stability," Tang said, confirming that China will strengthen anti-money laundering checks in the securities and insurance sectors as criminals began to shift their focus.

[Back to top of page](#)

Car-mad launderer jailed for three years - 26 September 2008

Money launderer Kerry Reed has been jailed for three years by Kingston Crown Court in Surrey. On recorded expenditure alone it was identified that between April 2004 and May 2007 he had spent £1,008,147 – mainly on vehicles, holidays, designer clothing, jewellery and extensive socialising. During this time Reed indulged his love of vehicles, purchasing seven Range Rovers, four Porsches, three BMWs, two Ferrari F430s, two Lamborghini Gallardos, two Bentley Continentals, one Dodge Ram and one Mitsubishi L200 pick-up. All were bought from new with large cash deposits and usually kept for no more than six months.

Commenting on the case, Temporary Detective Sergeant Ian Ball said: "Since 2003, Mr Reed had no legitimate income registered with HM Revenue & Customs and he gave his status as unemployed when questioned by police. Yet, somehow he managed to spend over a million pounds on luxury goods, high-performance cars and an exuberant social life. Mr Reed could offer no reasonable explanation for the source of his wealth. While no underlying offence could be determined, we found during our investigation that he had associated with people who are currently serving substantial prison sentences for drugs-related offences. Today's sentence sends a strong message that if you are profiting from crime, we will track you down and ensure you face the courts. Very quickly your happy-go-lucky lifestyle will become the harsh reality of prison life."

[Back to top of page](#)

Opera benefactor goes on trial for money laundering - 23 September 2008

Manhattan investment adviser Alberto Vilar, famed for his donations to opera companies worldwide, is to go on trial this week to face charges of defrauding investors of millions of dollars

over two decades, and money laundering. He was arrested in May 2005 and freed on under heavy restrictions on US\$10 million bail. Vilar claims that the high profile he has achieved through philanthropy might be responsible for the charges and that none of the money he is accused of stealing is missing. However, he has already been punished in the arts world after failing to keep up with financial pledges: the Metropolitan Opera took his name off its grand tier, the Royal Opera at Covent Garden removed his surname from its Floral Hall and the Salzburg Festival stripped his picture from its programmes. Vilar earned hundreds of millions of dollars on investments in the 1990s as the stock market rose in double digits almost annually. He spent some of the money making donations of as much as \$225 million to opera houses. The federal government has accused Vilar of trying to rip off other investors through his company, Amerindo Investment Advisors Inc., and various related entities. It says he misappropriated some of the investor funds for personal use.

[Back to top of page](#)

Basque arrests in money laundering probe - 19 September 2008

Police in the Basque region of Spain have arrested nine people on suspicion of money laundering. According to the police statement, enquiries have uncovered “several irregularities in payments made overseas from five offices, two of them in Irun and three in San Sebastian. Since 2006, those arrested could have sent more than 32 million euros gained from illegal activities.” The destination countries for the transfers were Colombia, Nicaragua and Honduras. The statement did not specify the suspected predicate crime, but Spain is Europe’s main point of transit for cocaine from South America, mostly from its former colony Colombia, which is the world’s top producer of the drug. Spain has become the biggest consumer of cocaine in continental Europe, and is one of the world’s top users of the drug, according to a report published in January by the United Nation’s Office on Drugs and Crime.

[Back to top of page](#)

Bermuda passes AML regulations - 17 September 2008

The Bermuda Senate has passed anti-money laundering and terrorist financing regulations that will require businesses to better monitor their client relationships. The regulated sector will now include financial institutions and professional legal advisers and accountants. They will be required to establish and monitor the identity of the customer and any beneficial owners as well as any information about the business and the intended nature of the relationship. Should any of these regulations, which also include record-keeping and internal reporting and staff training, not be complied with, the regulated entity will have to cease business transactions. Failing that, the responsible parties will be held criminally liable.

[Back to top of page](#)

Footballer jailed for seven years for money laundering - 17 September 2008

In a follow-up to a story dated 5 September 2008, former American football star Mark Ingram has been sentenced to 92 months in prison for money laundering, and must pay US\$252,000 in restitution. Ingram pleaded guilty in November 2005 to laundering money he believed to be the proceeds of drug dealing, and to cashing counterfeit cheques.

[Back to top of page](#)

Senator Sailor jailed for five years for money laundering - 17 September 2008

In a follow-up to a story dated 18 March 2008, Ron Sailor, formerly a Republican senator from Georgia, has been sent to prison for 63 months for money laundering and defrauding the church he once led. In December 2007, during meetings with a man he believed to be a drug dealer, Sailor agreed to launder US\$375,000 of illicit drug proceeds. But when he was arrested, he learned that the dealer was an undercover agent. He pleaded guilty in March 2008, but in the days leading up to his court appearance, he fraudulently obtained a \$250,000 loan using the church where he worked as pastor as collateral, and used the local to cover various personal expenses. Sailor was ordered by the court to repay \$147,802 to the church and serve 240 hours of community service after his release from prison.

[Back to top of page](#)

Turkey tightens its AML legislation - 16 September 2008

A directive from the Turkish Ministry of Finance to tighten its anti-money-laundering legislation has been published in the country's Official Gazette. The directive requires financial institutions to improve the monitoring of financial transactions through the adoption of standardised procedures and staff training and the auditing of these. The directive is the latest in a flurry of legislative amendments passed by the Turkish authorities in anticipation of the country's evaluation by the FATF in February 2009. A previous evaluation in February 2007 listed numerous shortcomings, including: the lack of a precise definition in Turkish law of the crime of money laundering; inadequate fulfilment of Turkey's obligations under the 1999 International Convention on the Suppression of the Financing of Terrorism; the low level of notifications of suspicious transactions; and poor implementation of anti-money laundering-legislation by the Turkish court system. The Financial Crimes Investigation Board (MASAK – Turkey's FIU) was first established in the Turkish Ministry of Finance in 1997. Turkey's position on one of the main heroin trafficking routes into Europe has ensured that members of the Turkish underworld have been able to amass considerable fortunes, much of which has been ploughed back into the Turkish economy. Yet, in the eleven years since MASAK was founded, nobody has served time in jail in Turkey for money laundering.

[Back to top of page](#)

West Norfolk hit by cash placement activities - 16 September 2008

Norfolk Police involved in Operation Mundesley are keen to hear from local residents who may have been offered large amounts of cash in return for goods or services that would normally be paid for by credit card, cheque or bank transfer. It is believed that sums of up to £40,000 - in used £20 notes - may have been offered in some instances.

[Back to top of page](#)

UK guidance for MSBs, HVDs and TCSPs receives HMT approval - 12 September 2008

Notice MLR8 Preventing money laundering and terrorist financing, published by HM Revenue and Customs, has received Treasury approval. This means that the guidance - intended for money service businesses, high value dealers, and trust and company service providers - must be taken into account by the courts when considering whether a business covered by the guidance has followed the requirements of the legislation. To download the latest version of MLR8, [click here](#).

[Back to top of page](#)

Star's ex-boyfriend pleads guilty to money laundering - 12 September 2008

In a follow-up to a story dated 24 June 2008, the ex-boyfriend of Hollywood actress Anne Hathaway has pleaded guilty to conspiracy, wire fraud and money laundering. Italian Raffaello Follieri, chairman and CEO of the Follieri Group in Manhattan, convinced investors that his alleged Vatican connections could get him Catholic Church properties at a discount. Through this lie, he netted over US\$2 million in investor funds, which he used to fund a lavish lifestyle, including rental of a luxury apartment in Manhattan and expensive holidays for himself and his family. Follieri pleaded guilty to fourteen charges in all, and faces a maximum prison sentence of 265 years.

[Back to top of page](#)

Boxing promoter jailed for money laundering - 12 September 2008

Michael Dalton, a boxing promoter, and his wife Christine have been jailed for laundering more than £200,000 cash they acquired by cheating on state benefits. Detective Inspector Paul Welton of the Humberside Police

Economic Crime Unit said: "The pair committed large scale money laundering and benefit fraud to obtain payments to which they were not entitled. They then laundered the proceeds of this fraud, disguising the proceeds through a maze of bank accounts, premium bonds and properties." The Daltons bought land in Thailand and built a villa on it. They also spent more than £26,000 on travel and air fares, and £15,000 on their home in Grimsby, fitting it with luxurious extras such as a sauna. Michael was jailed for 5½ years, and Christine for 2½. A confiscation hearing is due soon.

[Back to top of page](#)

Guernsey issues new regulations and *Handbook* for "prescribed businesses" - 9 September 2008

After a period of consultation, new AML regulations have been issued for "prescribed businesses" in Guernsey. The final version of the Criminal Justice (Proceeds of Crime) (Legal Professionals, Accountants, Estate Agents) (Bailiwick of Guernsey) Regulations 2008 has been signed by the Policy Council. The Guernsey Financial Services Commission has issued an accompanying *Handbook for Legal Professionals, Accountants and Estate Agents on Countering Financial Crime and Terrorist Financing*.

[Back to top of page](#)

Iran steps up fight against money laundering - 9 September 2008

The Iranian Deputy Economic and Finance Minister Hamid Pour-Mohammadi has announced the establishment of council to combat money laundering. Members of its secretariat are to be dispatched to other countries to learn about latest developments in the AML field, and draft AML regulations are to be submitted to the AML council next week.

[Back to top of page](#)

The fall and fall of a football star - 5 September 2008

An arrest warrant has been issued for Mark Ingram, a star on the (American football team) New York Giants' 1991 Super Bowl-winning team, who failed for a third time to appear in court for sentencing on a money laundering and bank fraud conviction. The warrant will be enforced on 15 September – the day before he is due in court again, when he is expected to receive a jail sentence between 7½ and 9½ years. His lawyer said that Ingram had contacted him just before his scheduled appearance

in court to say that his car had broken down; two previous sentencing hearings were postponed after Ingram went to emergency rooms complaining of illnesses that were later unfounded. Ingram has spent time in jail for various crimes since his 1996 retirement from professional football (among them, possession of counterfeit cash and theft of a credit card), and pleaded guilty in November 2005 to laundering the proceeds of drug trafficking and cashing counterfeit cheques. Since then he has made various court filings claiming that he should not be sent to prison; he says that he is immune from prosecution because he has diplomatic status as a head of state.

[Back to top of page](#)

New Zealand's AML legislation put on hold - 5 September 2008

New Zealand's plans to introduce new AML legislation have been put back by six months while ministers consider a framework for costs. The legislation was supposed to have gone to parliament this month but will now not be tabled until April 2009 – the same month in which the FATF will arrive to check New Zealand's compliance with the 40+9 Recommendations. The delay means that by the time New Zealand puts the legislation through parliament – probably October 2009 – it will be among the stragglers meeting their FATF obligations. Associate Minister of Justice Clayton Cosgrove said that the delay had been agreed with the FATF, after he decided in May that a framework could not be put together without some cost modelling. The legislation will apply first to banks and other financial institutions, then later to non-financial businesses.

[Back to top of page](#)

Guernsey extends freeze on Suharto money - 2 September 2008

A court in Guernsey has approved the Indonesian government's request to extend a freeze on funds belonging to Tommy Suharto, the youngest son of former (now late) president Suharto. Tommy, whose business empire included cars, airlines and property, is under investigation over various deals as the government attempts to recover funds from Indonesia's powerful dynasty. Yoseph Suardi Sabda, an Indonesian prosecutor, said the Guernsey court agreed on 29 August to freeze the funds until 23 May 2009, paving the way for the Indonesian government to recover money deposited overseas by Tommy. His company, Garnet Investment, sued the Guernsey branch of French bank BNP Paribas for refusing to release at least 36 million euros it had deposited. Last week, the Indonesian government seized US\$134 million from Timor Putra Nasional, a car company owned by Tommy Suharto. Transparency International ranked Suharto the world's leading kleptocrat, amassing a fortune estimated at \$15-\$35 billion during his 32-year rule. All members of the Suharto family deny any wrongdoing.

[Back to top of page](#)

Turkey to strengthen its AML legislation - 29 August 2008

Turkey is to make amendments to its anti-money laundering legislation in order to meet the standards of the EU, which it wishes to join. The EU has previously told Turkey that negotiations regarding the free movement of capital will not start unless relevant laws are

amended to bring them into line with those of the EU. Although some progress has been made by Turkey with the introduction of AML legislation in 2007, further changes will need to be made to relevant articles of the Turkish Penal Code (TCK), the Code on Criminal Procedure (CMK) and other relevant laws. The Ministry of Justice has already prepared a draft bill to that effect, which will be sent to parliament when it returns to work in October. Proposed amendments include:

adjusting Article 13 of the TCK so that Turkish citizens accused of money laundering abroad can be tried in foreign countries

amending several articles of the CMK so that those accused of laundering or counterfeiting money as part of an organisation will be tried in a higher criminal court

ensuring that if a public servant is engaged in corruption or fraud and the public institution for which he works benefits from this act, the public institution will also be held liable for its employee's acts.

[Back to top of page](#)

Former "taxman" sent to prison for money laundering - 27 August 2008

A former Internal Revenue Service agent in Detroit has been sentenced to 30 months in prison for helping a heroin dealer to buy a US\$65,000 BMW 745i while concealing his ownership of the vehicle. Evelyn Millen conspired with her niece's boyfriend, LaMauro Coleman, to purchase the car in her name in June 2003, using proceeds from Coleman's drug-trafficking. They paid off the balance on the BMW with five cashier's cheques and four money orders that they purchased from five different banks on the same day. The total amount of the cashier's cheques and money orders was \$40,000 – the purchases were structured to avoid reporting requirements for cash transactions over \$10,000. Millen's fee for her help was \$3,000, which she used to buy a Rolex watch. She had worked for the IRS for over thirty years and was suspended without pay following her arrest in 2007. In May 2008, she pleaded guilty to money laundering. In July 2008, Coleman pleaded guilty to both drug and money laundering charges, and he will be sentenced in September.

[Back to top of page](#)

Isle of Man distributes AML instruction manual to newly-regulated businesses - 27 August 2008

The Department of Home Affairs (DHA) in the Isle of Man is distributing a new "Anti-Money Laundering Instruction Manual" to local businesses which might come under the new Criminal Justice (Money Laundering) Code 2007. Businesses targeted include car dealerships, jewellers, estate agents and auction houses. The manual contains a copy of the legislation, a questionnaire and registration form, a form for reporting suspicious transactions, guidance notes and an information leaflet. The expectation is that recipients of the manual will complete and return the questionnaire and registration form by 26 September, in order that the DHA can identify to what extent individual businesses are required to comply with the anti-money laundering provisions. The

information gathered will also be used to establish a register of businesses that do or do not accept cash payments of 15,000 euros or more.

The instruction manuals are the latest part of a publicity campaign co-ordinated by the DHA, the Financial Supervision Commission and Isle of Man Customs and Excise. Julian Lalor-Smith, director of administration and legislation at the DHA, said, "The important message is that anybody dealing in goods who accepts cash payments of 15,000 euros or equivalent is subject to this law and failure to comply is a serious criminal offence. The instruction manuals should be studied carefully as they provide helpful guidance on how to introduce practices that will avoid breaches of the Code from occurring."

[Back to top of page](#)

Switzerland closes laundering investigation into Bhutto and Zardari - 25 August 2008

Swiss authorities have closed a long-running investigation into alleged money laundering by assassinated former Pakistani prime minister Benazir Bhutto and her husband Asif Ali Zardari. The couple were suspected of using Swiss bank accounts to launder about £6 million in alleged bribes paid by companies seeking customs inspection contracts in Pakistan in the 1990s. The couple were formally sentenced by decree on the charges in Geneva in 2003 after a first investigation, but the ruling was overturned on appeal. Geneva's prosecutor general said he had taken into account an October 2007 amnesty issued by Musharraf to Bhutto and Zardari, and the failure to find evidence confirming Zardari had received bribes. This ruling means that Zardari will not face new charges, He is now the Pakistan People's Party candidate to replace Pervez Musharraf as president.

[Back to top of page](#)

Mauritius to set up an assets forfeiture unit - 25 August 2008

The Attorney General and Minister of Justice for Mauritius, Rama Valayden, has announced that the government has finalized the project to set up an assets forfeiture unit on the South African model. A draft bill on the subject will be placed before parliament later this week. Members of the Scorpions, the South African police unit which leads the fight against drug trafficking and organised crime in South Africa, recently travelled to Mauritius to train the local police. Ajay Dabee, the former Drugs Commissioner of Mauritius, said that such a unit is long overdue. He said that fighting drug trafficking should be above party politics and that he was prepared to work voluntarily for the state.

[Back to top of page](#)

Colombian drug baron extradited from Brazil to the US - 21 August 2008

Colombian drug dealer Juan Carlos Ramirez Abadia has been extradited from Brazil to the United States. Abadia, who was arrested at a luxurious hideout in Sao Paulo in August 2007, used to head

the Norte del Valle Cartel, which is one of the largest drug trafficking rings in the world. Abadia had been sentenced to thirty years in prison in Brazil for money laundering, gang formation, corruption and identity theft. The Brazilian authorities were allegedly keen to extradite him as he was suspected of continuing to run his criminal empire from his jail cell. US prosecutors say that Abadia's cartel is responsible for international drug trafficking involving 1,000 tons of cocaine, as well as murder and money laundering.

[Back to top of page](#)

Swindling South African businessman sentenced to 400 years in jail - 20 August 2008

A businessman from the South African province of Free State who played a leading role in an international crime syndicate has been given a jail sentence of over 400 years. Richard Kabi's business interests included a hotel, a bottle store [off-licence] and a taxi firm. Between 1995 and 2000, he ordered millions of rand's worth of vehicles, tyres, alcohol and a big-screen televisions from suppliers across the country in the name of large companies or fictitious enterprises. Suppliers were paid with fake or invalid cheques, or were promised later payment.

Kabi was found guilty on thirty charges of fraud, gangsterism and money laundering. The judge sentenced him to ten years for each of about a dozen of the fraud charges because the crimes were committed before the enactment of minimum mandatory sentences. On another dozen or so larger fraud charges, Kabi received the mandatory minimum sentence of twenty years. He was sentenced to twenty years for gangsterism and five years for money laundering. However, the sentences will run concurrently so he will serve 22 years.

[Back to top of page](#)

Macedonia's FIU issues sanctions against local banks - 18 August 2008

Sanctions against several banks that have been unco-operative in the fight against money laundering have been announced by the FIU in the Republic of Macedonia (the Directorate for Preventing Money Laundering and Terrorism Financing – USPPFT). The banks concerned are Eurostandard Bank, Alfa Bank, UNI Bank, Export and Credit Bank, Postal Bank and Capital Bank. The announcement from the USPPFT states only that a lack of co-operation from banks will not be tolerated; it does not specify the exact nature of the banks' shortcomings, nor does it say whether any offences have been committed.

[Back to top of page](#)

Alabama state government in "crisis of corruption" - 15 August 2008

Bryant Melton, a former state lawmaker from Alabama, has been sentenced to fifteen months in prison for using some of his legislative discretionary money for personal gain. Melton sent \$85,000 [about £45,500] of state money to the Alabama Fire College Foundation and took back \$68,000

[about £36,500], using much of it to pay gambling debts. He acknowledged arranging for the not-for-profit group to give money back to him as scholarships for his daughter, and then forging his daughter's signature so he that could deposit the money into his account. Melton pleaded guilty to theft and money laundering, and at his sentencing hearing said, "I have betrayed the public's trust. I accept full responsibility for my mistakes." As well as the prison term, Melton must pay \$85,000 in restitution, serve 100 hours of community service and participate in gambling counselling.

Melton was given sentencing credit for being the first to plead guilty in the investigation into corruption within Alabama's college system, and for co-operating with prosecutors, including testifying against William Langston, the Fire College's former director, who was convicted of using his position to steal more than \$1.5 million of public money. Assistant US Attorney Matt Hart said Melton was an elected official and his behaviour is indicative of the white collar crime that is rampant at all levels of Alabama state government: "We are in fact in a crisis of corruption."

[Back to top of page](#)

25 million euros seized from Palermo brothers - 13 August 2008

Anti-Mafia police have seized assets worth 25 million euros [about £19.8 million] from two elderly brothers in the Sicilian city of Palermo. An investigation is underway into 81-year old Giovanni Lo Cicerco and his 78-year old younger brother Salvatore. They are suspected of Mafia association, extortion, laundering the proceeds of drug trafficking, and bribing officials over public works contracts. Both were jailed in 1993 for criminal association, abuse of office and extortion in connection with a tomb building racket at a Palermo cemetery, while in 1995 Giovanni was given a preventative custody order for money laundering. They have been under police surveillance for two years and are not allowed to leave the area where they are resident. The police have now confiscated 59 apartments in Palermo, twelve plots of land, five villas, thirteen warehouses, various companies, shares and bank accounts, three trucks, three cars, a boat and an aeroplane.

[Back to top of page](#)

Gloucestershire drug gang sent down for a century - 12 August 2008

A gang of twenty-five people has been jailed after a major drugs clampdown in Gloucestershire. The nineteen men and six women received a combined total of more than a hundred years in prison. Operation Clumber started in 2006, and has resulted in the seizure of class A drugs with a street value of more than £1.3 million, more than £100,000 in cash and a loaded firearm. Detective Inspector Neil Carpenter of Gloucestershire Constabulary's Major Crime Unit said, "We targeted not only our own resident suppliers but have been able to disrupt established drug supply routes from London and the Midlands". With regard to money laundering, ten of the twenty-five offenders were charged with money laundering offences, which added time to their drug sentences. One offender is on the run, while another is being deported.

[Back to top of page](#)

Call to extend India's AML legislation - 11 August 2008

India's Forward Markets Commission (FMC), which regulates commodity markets, has written to the government asking them to add commodity brokers to those covered by the Prevention of Money Laundering Act 2002 (PMLA). The PMLA currently requires banks, other financial institutions and intermediaries to verify the identity of clients, maintain records and report suspicious transactions. Stockbrokers are already covered by the PMLA, but not their commodity counterparts because at the time the act came into effect (July 2005) commodity broking was not very prevalent. However, India has been one of the fastest growing commodity futures market with a combined trade turnover of 40.66 trillion rupees [about £500 billion] in the financial year 2007/08.

[Back to top of page](#)

Greece replaces its FIU - 7 August 2008

Greece has replaced its independent financial intelligence unit after a long-running scandal over the alleged bribery of Greek politicians and officials by the Siemens group. Parliament approved by a narrow majority a law replacing the independent unit with a new Finance Ministry committee to tackle money-laundering and economic crime. Finance Minister George Alogoskoufis said the unit had failed to deliver "any significant results" during two years of operation. Greece faces pressure from the FATF; Sir James Sassoon, FATF president at the time, warned in a letter to Alogoskoufis earlier this year that Greece's anti-money laundering unit had "very significant deficiencies". An FATF team is due to visit Athens in September, by which time the new financial intelligence committee should be in place.

[Back to top of page](#)

Name and profession of NZ accused suppressed - 6 August 2008

A professional man from Christchurch in New Zealand who is charged with money laundering has been granted interim suppression of his name and occupation. He appeared in court and the judge remanded him on conditional bail – the conditions being that he live at an address in Christchurch, that the police keep his passport, and that he not apply for any more travel documents – until his next appearance in court on 11 September 2008. His defence lawyer asked for his client's name to be suppressed until that date, and the request was granted on condition that the man's professional association was made aware of the charge. The man and his wife are charged with money laundering US\$1.9 million [about £972,000] and NZ\$444,623 [about £165,000] in 2002 while being reckless about whether the money was the proceeds of serious crime. The charge names a man and a woman as the source of the money and it is understood that they are from Brazil.

[Back to top of page](#)

"Millionaire shoplifter" jailed for money laundering - 4 August 2008

"Millionaire shoplifter" Kevin Castle, of Nottingham, has been jailed for money laundering. Castle obtained refunds for shoplifted goods from DIY stores in north-west England and the Midlands, and was being hunted by police forces in Lancashire, Nottingham and Greater Manchester. Detectives believe that since 2004 he has been making between £500 and

£1,000 a day, driving around the country claiming numerous refunds while using a variety of disguises. He and his ex-partner Elaine Rogers spent £140,000 gained from the scam booking a 28-day stay at Claridge's Hotel in London, renting a luxury apartment and hiring top-of-the-range cars, including a Porsche Cayenne and several Jaguars. At Preston Crown Court, Castle admitted money laundering and was jailed for 28 months. Detective Constable Dot Walker of Lancashire Police said, "Castle and Rogers have lived the high life for many years, living off the proceeds of crime. Both are now subject to confiscation investigations under the Proceeds of Crime Act."

[Back to top of page](#)

Man given death penalty for money laundering - 1 August 2008

A former transport official in southwest China's Chongqing Municipality has been sentenced to death for taking bribes totalling more than 22 million yuan [about £1.6 million]. Yan Dabin, former transport director of Chongqing's Wushan county, was given the death sentence after the court heard that 22 million yuan is about one-fifth of the impoverished county's annual revenue. Yuan's corruption was uncovered on 1 January 2008, when an apartment owner complained to the police about water leaking through the ceiling from the vacant apartment above. When a policeman and maintenance worker went to investigate the vacant apartment, owned by Yan, they found an overflowing toilet – and eight soaked cardboard boxes containing 9.39 million yuan. Yan had accepted the bribes in exchange for awarding road and bridge construction contracts while he was in office between 2001 and early 2008. Yan and his wife, Fu Shangfang, had used the money to buy houses and financial products. Fu was also found guilty of money laundering, and sentenced to three years in jail (suspended for five years) and fined 500,000 yuan [about £37,000].

[Back to top of page](#)

HMRC updates guidance for TCSPs and ASPs - 28 July 2008

HM Revenue and Customs has updated its MLR 9 Registration Notice to clarify which Trust or Company Service Providers (TCSPs) and Accountancy Service Providers (ASPs) need to register with them, in accordance with the Money Laundering Regulations 2007.

HMRC has also announced the dates by which TCSPs and ASPs must be on the register:

If you were in business as a TCSP before 15 December 2007, you must apply to register with HMRC before 30 September 2008

If you are currently in business as an ASP, you must be registered with HMRC before 1 January 2009

If you are setting up in business as a new TCSP or ASP, you need to apply to register before carrying on that business.

To download the revised MLR 9, [click here](#).

[Back to top of page](#)

Canoeist and wife jailed for more than six years for fraud and money laundering - 23 July 2008

Anne Darwin, wife of canoeist John Darwin, has been found guilty of fraudulently claiming £250,000 after helping her husband fake his own death, and jailed for six and a half years. She convinced insurance companies, a coroner and their two sons that he had died in a canoe accident, and has been found guilty of six charges of fraud and nine of money laundering. John Darwin pleaded guilty to deception, and has been jailed for six years and three months.

The couple cooked up the plot as they faced bankruptcy in March 2002. John paddled out to sea near Hartlepool then abandoned his canoe and went into hiding. After driving him to Durham railway station, his wife raised the alarm – and the huge land-sea rescue mission was (unsurprisingly) unsuccessful. He returned home after several weeks hiding out in the Lake District, and sneaked out of the family home through a secret door whenever visitors arrived. Anne Darwin claimed her husband's £25,000 life insurance policy, his £25,000 teacher's pension, his £58,000 prison service pension, £4,000 in payouts from the Department of Work and Pensions, and a £137,000 Norwich Union mortgage insurance policy. They planned to start a new life together in Panama, but the plot unravelled when John Darwin walked into a London police station last December.

Detective Inspector Andy Greenwood, of Cleveland Police, said: “We’re pleased with the verdict received. This is just ‘half time’ – asset recovery teams will make sure that all the couple’s financial benefits realised from this plot will be brought back into to this country.”

[Back to top of page](#)

E-Gold pleads guilty to money laundering - 21 July 2008

In a follow-up to a story dated 27 April 2007 (see [Old news page](#)), E-Gold, an Internet-based payment service, and its three owners have pleaded guilty to money laundering. E-Gold (based in Nevis, West Indies) and corporate affiliate Gold & Silver Reserve both pleaded guilty to conspiracy to engage in money laundering and conspiracy to operate an unlicensed money transmitting business. Douglas Jackson, the principal director of E-Gold and CEO of Gold & Silver Reserve, pleaded guilty to the charges, while E-Gold's other two senior directors, Barry Downey and Reid Jackson, pleaded guilty to operating a money transmitting business without a license.

Under both federal and state law, the E-Gold operation was required to be licensed and registered as a money transmitting business – but it was not. The resulting lack of oversight and required procedures created an atmosphere where criminals could use digital currency essentially anonymously, often to further their illegal activities. E-Gold provided digital currency services at E-gold.com and Omnipay.com. Users did not have to provide their identities, and E-Gold continued to allow accounts to be opened without verification of user identity, despite knowing that their digital currency was being used for criminal activity, including child exploitation, investment scams, credit card fraud and identity theft. E-Gold assigned employees with no prior experience to monitor hundreds of thousands of accounts for criminal activity.

E-Gold and Gold & Silver Reserve could face a fine of US\$3.7 million [about £1.7 million] at sentencing. Douglas Jackson faces a maximum prison sentence of 20 years and a fine of \$500,000 on the conspiracy charge, and a sentence of five years and a fine of \$250,000 for operating an unlicensed money transmitting business. Barry Downey and Reid Jackson each face a maximum of five years in prison and a fine of \$25,000. E-Gold and Gold & Silver Reserve have also agreed to the forfeiture of \$1.75 million, and to implement a comprehensive AML programme that will require verified customer identification and reporting of suspicious activity. Sentencing for all defendants will take place on 20 November 2008.

[Back to top of page](#)

Bradford MSBs raided by police - 17 July 2008

A three-day operation is targeting money service businesses in Bradford, West Yorkshire. Police officers are checking about forty businesses to see if the Money Laundering Regulations 2007 are being observed, and also raiding some domestic premises. The joint operation between West Yorkshire Police, the Serious Organised Crime Agency (SOCA) and HM Revenue and Customs, aimed at stopping organised criminals transferring illegally-gained cash abroad, has so far seen the seizure of more than £100,000 in cash, 52 computers and lots of documentation. A detailed investigation will now take place to see if any offences have been committed. However, police stressed that most money service businesses – currency exchanges and travel agents offering money transfer services – were adhering to the law, and that the majority of raids were educational to make sure that legitimate businesses were not exploited by organised criminals.

[Back to top of page](#)

Irish islands may become "tax havens" - 16 July 2008

Tory and Arranmore (both off the Donegal coast of Ireland), Clare Island (off County Mayo) and the Aran Islands (off County Galway) are considering adopting tax-free status, with residents permitted to earn up to 100,000 euros before paying income tax. Údarás na Gaeltachta (the body which oversees economic development in Irish-speaking areas) suggests this could safeguard the islands against a declining population, and the idea is now being considered by Ireland's Commission on Taxation. The chief executive of Údarás na Gaeltachta, Pádraig Ó hAoláin, said it was important to think creatively in order to secure the islands' futures: "The fishing industry, which was traditionally a major employer and source of income, has been in decline for quite a number of years. While tourism is a major source of employment and income for many people on the larger islands, a radical approach is required if the island communities are to be sustained into the future and provided with a platform for organic growth."

[Back to top of page](#)

9/11 embezzler jailed for 15 years - 12 July 2008

In a follow-up to a story dated 30 October 2007 (see [Old news 2007 page](#)), Natarajan Venkataram has been sentenced to 15 years in prison by a New York court here for siphoning off US\$9 million of

government money [about £4.5 million] which was intended to help identify victims of the 9/11 terror attacks, and stashing it away in India. For thirteen years, Venkataram served as a director of New York's Office of the Chief Medical Examiner. Between 1999 and 2005, he steered more than \$13 million in contracts and purchase orders to fictitious companies with the help of co-accused Rosa Abreu (who has yet to be sentenced). He was also ordered to pay \$2.97 million in restitution and forfeiture. A tearful Venkataram apologised before he was sentenced, saying "I am ashamed to have terribly failed everyone with my wrong decisions. I will regret this great loss for the rest of my life."

[Back to top of page](#)

Timor Leste and Vietnam join APG - 8 July 2008

The eleventh annual meeting of the Asia/Pacific Group on Money Laundering (APG) has opened in Bali and will continue until 11 July. Over 260 officials from 36 member countries are in attendance, and two new member countries – Timor Leste and Vietnam – are being welcomed.

[Back to top of page](#)

Bank clerk jailed for fraud and money laundering - 7 July 2008

Jagmeet Channa, a clerk working at HSBC headquarters in London's Canary Wharf, has been jailed for nine years for trying to steal £72 million from the bank and then launder it. In April 2008, acting as the inside man for a group of conspirators, Channa used the stolen details of colleagues to log in, and then sent 60 million euros (£47,970,227) from a trading account to Morocco, followed by another 30 million euros (£23,984,113) to a branch of Barclays in Manchester. However, he forgot to leave the account he had raided with a zero balance, and the huge debit was discovered by HSBC staff in Malaysia. A review of security cameras and other inquiries led officials to Channa. Meanwhile both Barclays and the bank in Casablanca had been contacted, the accounts frozen and the stolen money returned. After sentencing, Detective Sergeant Martin Peters said, "This crime is believed to be one of the largest frauds of its kind and it is thanks to the prompt response of the police and the banks that the money was recovered".

[Back to top of page](#)

Operation Pentameter 2 "a great success" - 2 July 2008

Pentameter 2, the UK's largest-ever police crackdown on human trafficking, has resulted in the recovery of 167 victims the arrest of 528 criminals. Launched in October 2007, Pentameter 2 is a coordinated campaign of activity aimed at disrupting those who engage in trafficking for sexual exploitation throughout the UK, involving all UK police forces, other law enforcement agencies, the UK Human Trafficking Centre, and other voluntary and statutory agencies. Home Secretary Jacqui Smith called the operation "a great success". Among the results:

167 victims identified – 13 of them children, with the youngest aged 14

528 criminals arrested

822 premises visited – 157 massage parlours and saunas, and 582 residential properties
more than £500,000 cash recovered from those criminals arrested

court orders put in place to restrain further criminal assets running into several millions of pounds.

[Back to top of page](#)

Actress's ex-boyfriend charged with money laundering - 24 June 2008

The ex-boyfriend of American actress Anne Hathaway ("The Devil Wears Prada") has been charged with fraud and money laundering. Italian-born businessman Raffaello Follieri had his bail set at US\$21 million [about £10.5 million], but will remain under house arrest in Manhattan even if he manages to find the bail money. He is accused of lying to investors and falsely claiming he had been appointed as the chief financial officer of the Vatican, a position which enabled him to buy the Catholic Church's unwanted US real estate at a discount. He then allegedly used investors' money for expensive clothes and restaurant meals, a £20,000-a-month Manhattan apartment, dog-walking services and other personal expenditure. He is also allegedly kept clergy robes in his office and once asked a monsignor to change into the uniform of a more senior clergyman in order to 'beef up' his alleged Vatican connections. Follieri is due back in court on 9 July for a pre-trial hearing.

[Back to top of page](#)

Canadian AML requirements expand for real estate agents - 23 June 2008

Canada's AML requirements have expanded with regard to its real estate sector. Estate agents must now collect and verify a client's personal information, including name, address, date of birth and occupation, and ask for proof of identity, such as a driver's license or passport. "The record keeping and client ID will remove some of the anonymity that's possible in carrying out transactions and keep a record for later use should it be necessary, whether it's a money laundering investigation or a mortgage fraud investigation," said Peter Lamey, spokesman for the Financial Transactions and Reports Analysis Centre of Canada (FinTRAC - Canada's FIU). Canada's real estate industry has six months to inform customers and some 96,000 brokers and agents about the new rules before fines and penalties come into effect on 1 January 2009. The Canadian Real Estate Association said its members completed half a million real estate transactions in 2007.

[Back to top of page](#)

Switzerland to hand over Salinas funds to Mexican government - 18 June 2008

The Swiss Ministry of Justice has announced that it will turn over US\$74 million [about £37 million] to the Mexican government from bank accounts

linked to the brother of former Mexican President Carlos Salinas. Swiss authorities froze about \$110 million in 1995 when they launched a criminal investigation into Raul Salinas for alleged money laundering; he claimed that the money was legitimately given to him by business associates as part of an investment fund. The official statement said that Swiss and Mexican authorities had proved that Raul Salinas had misappropriated the \$74 million, but that the remainder of the assets will be returned to the Salinas family since the investigation did not reveal any criminal origin. In 1999, Raul Salinas was sentenced to 50 years in prison for the murder of his former brother-in-law, Jose Francisco Ruiz Massieu. He was released in 2005, after his conviction was overturned.

[Back to top of page](#)

FATF to look into money laundering through sports clubs - 18 June 2008

At its plenary meeting in Paris, the Financial Action Task Force announced that it is to look into whether sports clubs in Europe, South America and the US are being used to launder the proceeds of crime and therefore "could present material vulnerabilities to the financial system". Possible methods cited in Europe could include mingling illicit funds with deals to buy or sell player contracts, and allowing money inflows from parties in the former Soviet Union.

[Back to top of page](#)

Four men charged with laundering political campaign contributions - 17 June 2008

The owner of a chain of California car dealerships and three of his employees have been charged with money laundering, relating to illegally funnelling US\$50,000 [about £25,000] in campaign donations to seven state political races over four years. Mark Leggio allegedly instructed three employees to give between \$3,000 and \$3,300 to specific candidates running for the Assembly and state Senate between 2002 and 2006. He then reimbursed the employees and donated the same amount to the candidates himself, authorities said. "This allowed Mr Leggio to exceed the campaign donation limit," state Senior Assistant Attorney General Gary Schons said. "He'd give \$3,300 in his name, then a second party would give \$3,300, so he'd do it twice." The limit for individual donations is \$3,600. The money went to six Republican candidates, none of whom is suspected of knowing that the contributions were illegal. The case will be heard on 11 July.

[Back to top of page](#)

Cockle picker launderers appear in court - 10 June 2008

Four people suspected of connections to the trafficking of Chinese cockle pickers have appeared in court to be charged with money laundering. Ke Qu, Anthony Whale, Yagiong Zhao and Bo Li appeared at Birmingham Magistrates' Court and between them were charged with 33 counts of money laundering and one of attempted laundering. All four were released on bail. A West Midlands Police spokeswoman said: "The charges relate to an alleged people trafficking network which has alleged links to the Morecambe Bay incident in February 2004". Twenty-one Chinese cockle pickers drowned in February 2004 as the tide rose at Hest Bank, Morecambe Bay.

[Back to top of page](#)

Four men jailed for fraud and money laundering - 6 June 2008

Four men from the West Midlands have been jailed for 22 years for fraud and money laundering. Harvinder Singh Batth, Sukhjinder Singh Shergill, Suckjit Singh Birring and Jatinder Singh Salh took the proceeds of a VAT carousel fraud involving mobile phones, and cash from drug trafficking, counterfeiting and credit card fraud and laundered it through casinos in the UK. Money was also diverted to accounts in Dubai. In raids carried out across the West Midlands by HMRC officers, a total of £650,000 was seized from the defendants and from safety deposit boxes, a casino, a residential address and a number of vehicles. A credit card skimming machine and associated computer equipment used to forge credit cards was also seized.

HM Revenue and Customs (HMRC) Deputy Director Chris Harrison said, "The successful conclusion of this case has resulted in a number of criminals at the top of the crime ladder being sent to prison for many years. The amounts stolen were used to fund extravagant and luxurious lifestyles including properties, performance cars and designer jewellery." Around £10 million of assets including properties in the UK and abroad, and luxury cars such as Bentleys, Mercedes and a Lamborghini, have been seized.

[Back to top of page](#)

India to amend its AML legislation - 6 June 2008

In a follow-up to a story dated 10 May 2008, India is to approve the Prevention of Money Laundering (Amendment) Bill, 2008. The legislation will tighten different aspects of money laundering and bring casinos, credit card payment gateways run by Mastercard and Visa, money changers and transfer service providers like Western Union under its ambit. It will also require financial intermediaries to report all suspicious transactions involving international transfers. Information and broadcasting minister Priyaranjan Das Munshi said, "The bill will give more teeth to the legislation with provisions for punitive action for money laundering. The amendments are being made in line with the recommendations by the Financial Action Task Force."

[Back to top of page](#)

EC takes steps against fifteen for non-implementation of MLD3 - 5 June 2008

The European Commission is to pursue infringement procedures against fifteen Member States for failure to implement the Third Anti-Money Laundering Directive in national law. The Commission will send formal requests to Belgium, the Czech Republic, Germany, Greece, Spain, Finland, France, Ireland, Luxembourg, Malta, the Netherlands, Poland, Portugal, Sweden and Slovakia. If there is no satisfactory reply within two months, the Commission may refer the matter to the European Court of Justice. The Directive should have been implemented by 15 December 2007.

[Back to top of page](#)

Dutch prosecutor puts finger in dyke - 4 June 2008

NVB, the Dutch banking association, has launched a campaign to warn people about the risks of being a 'money mule' – lending their own bank account to criminals who use them to launder money. NVB chairman Boele Staal said, "It is important we warn people of the dangers. People used to be approached at night-clubs, now its via the Internet."

This comes only a day after the Dutch government audit office reported that about €18.5 billion is being laundered in the Netherlands every year, and that the chance of being caught is extremely low. The number of money laundering cases that ended up in court between in 2006 was 767, double that of the preceding year. Nevertheless, these account for only a fraction of the 34,500 transactions reported as suspicious. Between 2002 and 2007, just 85 cases concerning possible funding of terrorism were reported, and the amounts concerned were so low that they barely registered, the auditors' report said. The auditors called on the government to make cracking down on money laundering a priority, in particular dedicating more capacity and expertise to the department of public prosecution.

[Back to top of page](#)

London police search safety deposit boxes - 2 June 2008

As part of Operation Rize, over 300 Metropolitan Police officers and staff have begun searching around 7,000 safety deposit boxes, and have also searched the homes of the directors of Safe Deposit Centres Limited. Police believe that criminal masterminds may have rented out some of the boxes, which they think may contain £2.5 billion in illegal cash and contraband. Metropolitan Police Assistant Commissioner John Yates said, "Operation Rize is a money laundering investigation and is entirely unprecedented, one of the largest of its kind ever undertaken in the UK. We believe that this operation has the potential to impact upon many layers of serious crime." Two people have been arrested on suspicion of money laundering.

[Back to top of page](#)

Isle of Man introduces cash declaration legislation - 1 June 2008

The European Communities (Cash Controls) (Application) Order 2008 and Cash Controls (Penalties) Regulations 2008 come into operation in the Isle of Man on 1 June 2008. Anyone entering or leaving the Isle of Man who has with them "cash" to a value of €10,000 [about £7,700] or more will be obliged to make a declaration to Customs and Excise. The term "cash" includes:

currency in any denomination

bearer-negotiable instruments (such as travellers' cheques)

negotiable instruments (such as money orders, cheques and promissory notes) that are either in bearer form, endorsed without restriction, made out to a fictitious payee or otherwise in a form that title passes upon delivery

incomplete negotiable instruments (that are signed, but with the payee's name omitted).

Declarations must be made in writing on specified forms, and may be submitted by post or electronically – but must be sent so as to arrive with Customs and Excise at least 24 hours before the intended journey.

[Back to top of page](#)

FATF publishes report on money laundering through real estate - 29 May 2008

The Financial Action Task Force has published a report entitled "Money Laundering & Terrorist Financing through the Real Estate Sector". Somewhat overdue (it is dated 29 June 2007), the report looks at (and provides examples of) the eight major ways in which this sector can be abused:

complex loans and credit finance

the role of non-financial professionals

corporate vehicles

manipulation of the appraisal or valuation of a property

monetary instruments

mortgage schemes

investment schemes and financial institutions

concealing money generated by illegal activities.

To download the 41-page report, [click here](#).

[Back to top of page](#)

HM Treasury causes row by publishing draft EU document - 28 May 2008

HM Treasury has published on [and apparently since withdrawn from] its website a draft version of document drawn up by EU member countries. The draft list is of financial centres with top quality anti-money laundering controls, and omits entirely financial centres in Britain's Caribbean territory and gives the Crown dependencies only a qualified status, while including various countries with contentious anti-money laundering records. The intention is that companies operating in EU member will have the option of waiving some of the checks they would otherwise carry out on financial transactions involving territories that feature on it.

In its draft version, the list contains 13 territories including the US, Hong Kong and Singapore, as well as emerging markets such as Argentina, Russia and South Africa. It excludes both China and India. Leading British overseas territories such as the Cayman Islands, Bermuda and the British Virgin Islands are excluded, while the Crown dependencies – Guernsey, Jersey and the Isle of Man – have an intermediate status under which EU member states may consider their standards to be equivalent.

[Back to top of page](#)

Americans dismantle Colombian money laundering ring - 27 May 2008

US Immigration and Customs Enforcement (ICE) agents have arrested ten members of a Colombian-based money laundering organisation with cells in Puerto Rico and the Dominican Republic, which they believe is responsible for laundering more than US\$9 million [about £4.5 million] over the past three years. According to the indictment, the defendants conspired to launder the proceeds of drug trafficking through the Black Market Peso Exchange (the method used by Colombian drug cartels to convert their US-based drug dollars into "clean" pesos that they can use in Colombia).

"Today's dismantling of this international criminal money laundering organisation is clear proof that to attack the distribution of illegal drugs, we go after not only the drugs, but also the dirty money that the sale of drugs generates," said Roberto Escobar, acting special agent in charge of ICE's office of investigations in Puerto Rico. "We will simply continue using all our resources to protect the financial infrastructure of our country." The accused face up to 20 years to life in prison and fines of up to \$250,000 or twice the value of the property involved in the transaction, whichever is greater.

[Back to top of page](#)

London property developer jailed for seven years for money laundering - 23 May 2008

Edgware property developer John Donnan has been jailed for seven years by Southwark Crown Court for money laundering, following a four-year investigation into a £202 million mobile phone VAT fraud. The "carousel fraud" used zero-rated handsets which were imported from other EU countries, sold to bogus customers and then traded to so-called "brokers" before ending up with the original exporter. This enabled the organisers to falsely claim £30 million in VAT rebates, for VAT that had never been paid. With the help of dishonest solicitor Gerard Hyde, who is already in jail, Donnan then laundered the proceeds of the fraud through a complex network of front companies

and accounts in Hungary, Dubai, Ghana, the Isle of Man, Guernsey and the UK. Finally, he invested the money in a six-acre property development in Deptford in London.

[Back to top of page](#)

Pop impresario sentenced to 25 years for fraud - 21 May 2008

Pop music mogul Lou Pearlman, who created the Backstreet Boys and 'N Sync [crime enough, surely], has been sentenced to 25 years in prison for a US\$300 million [about £153 million] fraud. Over twenty years, Pearlman enticed relatives, friends, investors and banks to put money into two fake companies. Prosecutors counted at least 250 individual victims who lost a total of \$200 million, plus ten financial institutions that lost \$100 million. Pearlman pleaded guilty in March to persuading people to invest in two companies that existed "only on paper" and, as part of a plea agreement, promised to help prosecute his accomplices. Judge G Kendall Sharp said he would reduce the prison term by one month for every \$1 million Pearlman gave back to victims. Pearlman tried unsuccessfully to delay sentencing while he launched his current boy band US5 - already successful in parts of Europe - in the US and Asia, saying that money made by the band could be used to repay his victims.

[Back to top of page](#)

Fraudulent investment manager faces 710 years in prison - 21 May 2008

Kirk Wright, a former investment manager from Georgia, USA, has been found guilty of mail fraud, securities fraud and money laundering. Wright was the founder, CEO and portfolio manager of International Management Associates, which was set up in 1997 and offered seven hedge funds. By early 2006, IMA had thousands of client accounts, and had taken in more than US\$150 million [about £75 million] in investments. However, Wright lied to investors about investment performance: he reported substantial investment gains every month, when in fact he lost almost every dollar invested in the market. He diverted millions of dollars of investors' money for personal use, including cash for himself and family members, jewellery, house renovations, a \$500,000 wedding, six luxury vehicles and multiple properties.

IMA collapsed in early 2006, after several investors requested distributions, received bad cheques and filed lawsuits. Wright took out \$500,000 in cash - the only money left in the company - and went on the run. In May 2006, he was arrested at the pool of the Ritz Carlton Hotel in Miami Beach, Florida. Wright now faces a maximum sentence of 710 years in prison, a fine of up to \$16 million and restitution for all victims' losses. The federal government also will seek forfeiture of all property Wright gained from his illegal activity, including jewellery worth \$110,000, a 2004 Mercedes Benz E320 and \$139,301 in cash.

[Back to top of page](#)

Pair jailed for sex trafficking and money laundering - 16 May 2008

Two men have been jailed for running a sex trafficking ring. Fei Zhang and his "second in command" Suzhen Xu supplied girls from China and Thailand to brothels in Walsall, Wolverhampton, Dudley and Worcester. Many of the women were forced to pay back a £25,000 bond before they could send money home to their families, and were locked in their rooms and not allowed to leave the brothels where they worked. Xu admitted conspiring to traffic for the sex trade, conspiring to control prostitution and money laundering, and was sentenced to four years and nine months in prison. Zhang denied conspiring to traffic for the sex trade and conspiring to control prostitution, and was sentenced to eight years.

[Back to top of page](#)

SOCA publishes annual report - 15 May 2008

The Serious Organised Crime Agency (SOCA - the UK's FIU) has published its Annual Report 2007/08. Among the highlights of the past year, the report shows:

almost 90 tonnes of class A drugs have been seized (up 20% from last year)

over 60 tonnes of precursor chemicals have been seized, principally in Colombia and Afghanistan

41 Financial Reporting Orders were in force during the year on convicted criminals' finances

2,000 serious organised criminals were subject to SOCA operational activity

over £46 million of criminal assets were restrained by the courts.

To read the full 54-page Annual Report, [click here](#).

[Back to top of page](#)

India to extend AML legislation - 10 May 2008

The Indian government is considering proposals to extend the scope of the Prevention of Money Laundering Act (PMLA) to international wire transfer agencies (such as Western Union) and payment gateways (such as Visa and MasterCard), requiring them to report suspicious transactions to the Financial Intelligence Unit (FIU) in the country. The definition of a predicate offence is also being altered. Currently, only offences committed in India are of concern, but in the future any offence anywhere in the world that would have been an offence in India will be considered a predicate offence.

[Back to top of page](#)

Tommy Suharto's lawyer to file suit in Guernsey - 8 May 2008

Otto Cornelius Kaligis, the lawyer representing Tommy Suharto, has said that he plans to file a lawsuit in Guernsey seeking the release of millions of dollars in frozen assets, to block an attempt by Indonesia to extend a freeze on an account belonging to his client (who is the son of the late Mohammed Suharto, former president of Indonesia). Kaligis says evidence will be filed before 13 May 2008. This week Jakarta launched a civil corruption suit against Tommy Suharto, alleging that he stole more than US\$400 million while running a car importing business, by illegally selling company assets to another of his companies to avoid repaying a state loan. If the government wins the case, it hopes to seize more than \$55 million that it believes are held in Tommy Suharto's Guernsey accounts.

[Back to top of page](#)

Kenya debates new anti-money laundering legislation - 7 May 2008

Updated anti-money laundering legislation is being considered in Kenya. The Proceeds of Crime and Money Laundering (Prevention) Bill 2008 and the International Crimes Bill 2008 have been reintroduced in parliament after several unsuccessful attempts. The new proceeds of crime legislation criminalises money laundering, pushes for the identification, tracing, freezing and seizure of proceeds of crimes, and seeks to establish a financial reporting centre and asset recovery agency. It also requires financial institutions, designated non-financial businesses and professionals such as lawyers and accountants to take prudential measures to help combat money laundering. The principle aim of the international crimes legislation is to incorporate the international crimes prescribed as offences in the Rome Statute into Kenya's domestic legislation, and would enable Kenyan authorities to investigate and prosecute crimes committed in the country or overseas by or against its citizens.

[Back to top of page](#)

Taxi firm boss jailed for laundering - 6 May 2008

Taxi firm boss Peter Smith, who was caught with £400,000 of "dirty money" which the police believe was the proceeds of drug dealing, has been jailed for three years for money laundering. Smith was arrested as part of Operation Folklore, Scotland's biggest ever police investigation into drug dealing and money laundering. He had claimed the money came from a secret deal to sell his taxi business, but the High Court in Glasgow heard how detectives pounced as Smith drove in the south of Glasgow on 18 May 2006. Officers discovered a case stuffed with £389,035 of used bank notes inside the vehicle.

Gangland figure Jamie "The Iceman" Stevenson gave evidence during the trial after being called as a Crown witness. He said he knew Smith but had no idea if the cash found in his vehicle stemmed from crime. Stevenson and his stepson Gerard Carbin were jailed for a total of almost 19 years in April 2007 after they admitted laundering nearly £1 million of drugs money following their arrest during the same police operation. A confiscation notice under the Proceeds of Crime Act was served on Smith after the jury found him guilty of possessing and helping to launder a total of £389,045 of criminal proceeds.

[Back to top of page](#)

Tax-saving author jailed for money laundering - 1 May 2008

Peter Sibbald, a New Zealand accountant who wrote a best-selling book on tax saving, has been jailed for three years for fraud and money laundering. Sibbald worked part-time as an accountant for a charity and had authority to sign cheques. He stole NZ\$435,000 [about £171,500] of the charity's money and used it for gambling and to settle personal debts; the theft was uncovered by his successor. He also held tax agencies for eight companies, and between 2002 and 2005 filed GST [VAT] returns leading to inflated payouts totalling \$107,000 [about £42,000]. He disguised \$143,200 [about £56,500] by laundering it through his partner's bank account. Sibbald's book – "Slash Your Taxes Now" – made the bestseller list in 2004, proving a hit with people trying to find legitimate ways to save money on their taxes.

[Back to top of page](#)

Brothers use family restaurant to launder drug cash - 1 May 2008

Jehangir Beg has been sent to prison for 21 years for heading a drugs gang that dealt heroin and cocaine in London and then laundering the proceeds through restaurant he ran with his brother Imran. Jehangir was arrested after a raid at his home netted 10kg of heroin, 500g of cocaine and 3.5kg of amphetamine sulphate, as well as CCTV evidence showing him directing the counting of a substantial quantity of cash. Investigations revealed that the brothers had been using the family restaurant Jenghis, in Southampton, to launder the cash.

[Back to top of page](#)

Vanuatu and NZ implicated in Australian laundering scheme - 29 April 2008

Robert Agius, a Australian living in Vanuatu will face charges over a AUS\$100 million [about £47 million] money laundering scheme that police say could involve up to 400 people. Raids have been carried out in Australia, New Zealand and Vanuatu. Agius, a former accountant, will face charges of conspiring to defraud the commonwealth, conspiracy to cause a loss and laundering a total of more than AUS\$1 million [about £470,000]. The Australian Federal Police (AFP) claim that Agius evaded up to \$A13 million in taxes on \$A100 million of his customers' business profits. They say he has received \$A1.4 million in commissions, through foreign bank accounts, since 2000. It is alleged that Australian customers would transfer money to accounts in Vanuatu and New Zealand, claiming them as a business expense. The money would then be returned to Australia - less Agius's commission - in the form of a loan, and a repayment would be treated as a tax reduction.

Commonwealth Director of Public Prosecutions (DPP) prosecutor Pauline Caust said that since November 2000, Agius had set up more than fifty bank accounts in the names of foreign companies (incorporated in the UK, Ireland, the US, Vanuatu and New Zealand), allegedly used to launder the money, before it was deposited back in his clients' accounts. She said Agius held at least five passports and had used false addresses on incoming passenger cards on flights to Australia because he did not want his Australian premises to be raided. The AFP said further arrests were expected: 400 people would be contacted by letter, asking them to come forward, because they had been identified as participants in the scheme. The Australian Taxation Office says it is also conducting 80 audits examining allegedly false tax deductions exceeding \$A90 million.

[Back to top of page](#)

United Bank for Africa fined US\$15 million by FinCEN - 28 April 200

The Financial Crimes Enforcement Network (FinCEN – the US FIU) and the Office of the Comptroller of the Currency (OCC) have awarded concurrent civil money penalties, each US\$15 million, against the New York branch of United Bank for Africa plc for violations of the Bank Secrecy Act (BSA). The bank, without admitting or denying the allegations, consented to payment of the civil money penalties, which will be satisfied by a single payment of \$15 million. In November 2007, OCC examiners determined that the bank exhibited significant BSA programme deficiencies that were pervasive and systemic, including internal control and audit deficiencies, as well as a failure to identify and report suspicious activities.

[Back to top of page](#)

Wesley Snipes sentenced to three years for tax evasion - 25 April 2008

In a follow-up to the story below dated 24 April, Hollywood actor Wesley Snipes has been jailed for three years for tax evasion. Before sentencing, Snipes asked the court to show mercy, apologising for his behaviour by saying that he was "an idealistic, naive, passionate, truth-seeking, spiritually motivated artist, unschooled in the science of law and finance". However, United States District Judge William Terrell Hodges said the actor had shown a "history of contempt over a period of time" for US tax laws, and gave him a year in prison for each of the years in which he wilfully failed to submit a tax return (1999, 2000 and 2001). Snipes has yet to be given a date on which to surrender to custody, and his lawyers are planning to appeal.

[Back to top of page](#)

Credit Suisse employee in Brazil arrested for laundering - 24 April 2008

Police in Brazil have arrested Swiss national Christian Weiss, an employee of the local branch of Credit Suisse, on suspicion of money laundering. Weiss was arrested at a luxury hotel in Rio de Janeiro, where incriminating documents were seized suggesting that he has been helping wealthy Brazilians to move their money overseas to avoid taxes. Weiss will be charged with money laundering, tax evasion, fraudulent banking and operating without a banking licence. Credit Suisse has denied any involvement, saying that its Brazilian operations "always act under the most rigorous legal and ethical principles".

[Back to top of page](#)

Actor Wesley Snipes faces jail for tax evasion - 24 April 2008

Hollywood actor Wesley Snipes could be jailed for up to three years and fined up to US\$5 million when he is sentenced for tax evasion, for which he was found guilty in February 2008. Snipes has asked for probation instead of incarceration. "Wesley Snipes is not a dangerous man who needs to be imprisoned to protect the public," his lawyer wrote in his sentencing memo. "He is contrite, promises that he will never again break the law, and respectfully asks the court to consider not just the jury verdict but also all the good that he has done in his life." Fellow actors Woody Harrelson and Denzel Washington have sent letters testifying to his good character. However, US Attorney Robert O'Neill has pressed for the maximum penalty because Snipes's offences demonstrated "brazen defiance" of US tax law, and because the case provides a "singular opportunity" to "deter tax crime nationwide".

[Back to top of page](#)

SA publishes data security report - 24 April 2008

[Back to top of page](#)

The Financial Services Authority (FSA) is urging firms to change their attitude to data security and do more to help prevent their customers falling victim to identity fraud and other types of financial crime, and has published a report entitled "Data Security in Financial Services: Firms' controls to prevent data loss by their employees and third-party suppliers". The report is the result of a review by the FSA of systems and controls for data security at 39 firms including banks, building societies, insurance companies and financial advisers. Following the review, one firm has been referred to enforcement

The findings show that:

Many firms are not proactively checking that third party suppliers vet their employees or have adequate security arrangements in place to prevent unnecessary access to customer data
Many large and medium sized firms devote adequate resources to data security risk but placed too much emphasis on IT controls and not enough on staff awareness and training or regular risk assessments;
Many small firms were wholly reliant on compliance consultants, who did not understand the importance of data security within the firm.

To download the full 104-page report, [click here](#).

Antigua and Barbuda signs MLAT with the Ukraine - 23 April 2008

Antigua and Barbuda and the Ukraine have signed a Mutual Legal Assistance Treaty (MLAT) on combating money laundering and terrorism. The MLAT was signed at the Embassy of the Ukraine in Washington, DC by Antigua and Barbuda's Ambassador to the US, Deborah-Mae Lovell, and her Ukrainian counterpart Oleh Shamshur. The MLAT represents the culmination of negotiations which commenced in 2002. Ambassador Lovell said: "Today's ceremony should serve as a reminder and a warning to all those persons who would misappropriate state funds for personal use, that Antigua and Barbuda is not a place where such persons are welcome. Persons who commit such acts will be exposed and the money confiscated." The MLAT will come into force once negotiations on asset sharing between the two signatories are concluded.

[Back to top of page](#)

Assets of failed Dominican bank to be auctioned - 21 April 2008

The Liquidation Commission in Santo Domingo has asked the administrators of companies owned by collapsed Baninter Bank to provide audits to allow their sale at public auction. The collapse of Baninter in 2003 cost the Dominican taxpayers US\$2.5 billion and sent the economy into a tailspin. Fidel Pichardo Baba, the Central Bank's fraud division chief, said those companies, now under the responsibility of the Money Laundering Office, would be sold and the money generated used as part repayment of the money embezzled by former bankers Ramon Báez Figueroa and Marcos Báez Cocco. Among the assets under the control of the Liquidation Commission are more than 60 radio and television stations, a helicopter and an aeroplane. The National District Court of Appeals upheld the ten-year prison sentence against Báez Figueroa and added the charges of money laundering; Báez Cocco's prison term was increased from eight to ten years; and financier Luis Alvarez Renta was given ten years in prison for money laundering.

[Back to top of page](#)

Guernsey advised to keep things "squeaky clean" - 18 April 2008

At a speech to business leaders at the island's branch of the Institute of Directors, Guernsey's Procureur [Attorney General] said that the local finance sector must be "squeaky clean" if it is to continue trading with major international players. Nik van Leuven said the island must comply with the wishes of international bodies such as the OECD to keep business links healthy: "In a heavily regulated world where offshore jurisdictions are ranked against each other, major players such as the USA and UK will only do business with the best. We have no option other than to hurl ourselves to the top of that list. Guernsey is

already better than the UK in many aspects of regulation." When asked whether he thought that Guernsey's efforts were being hampered by other islands in the Bailiwick [Alderney, Sark, Herm, Jethou, Brecqhou, Burhou and Lihou], his answer was simply "Yes".

[Back to top of page](#)

Switzerland and Japan to share CHF 58.4 million in laundering seizures - 18 April 2008

Switzerland and Japan will share assets seized from a Japanese gangster convicted of money laundering three years ago. 58.4 million Swiss francs [about £28.9 million] forfeited from frozen bank accounts belonging to Susumu Kajiyama will be shared equally between the two countries. Japanese officials have said that Kajiyama was affiliated with Japan's largest crime syndicate, the Yamaguchi-gumi. In 2005, a Tokyo court sentenced Kajiyama to seven years in prison and a fine of 30 million yen [about £146,000] for loan-sharking (illegally charging borrowers exorbitant rates of interest on loans) and money laundering in a scheme involving Japan, Switzerland and Hong Kong. Authorities in the three countries cooperated to trace the funds, which reportedly travelled through the Tokyo branch of the London-based Standard Chartered Bank and the Hong Kong branch of Zurich-based Credit Suisse. Most of the money was seized from Swiss bank accounts. Japan has said that it will use its share of the money to compensate the victims of Kajiyama's crimes.

[Back to top of page](#)

Parmalat heir to stand trial for money laundering - 16 April 2008

The son of Parmalat founder Calisto Tanzi is to stand trial in Switzerland in connection with the collapse of the Italian dairy and food corporation. Stefano Tanzi's lawyer says his client is one of two people charged by Swiss prosecutors with fraud and money laundering, and that his client will fight the charges. Calisto Tanzi went on trial in Italy in March 2008 along with 23 others charged with fraudulent bankruptcy and criminal association linked to Parmalat's bankruptcy in 2003. The investigation in Switzerland focuses on alleged money laundering using Swiss bank accounts.

[Back to top of page](#)

Woking man jailed for laundering sons' drug profits - 15 April 2008

Giovanni Falcone [no relation to the assassinated Sicilian magistrate] has been sentenced by Guildford Crown Court to two years in prison for money laundering. Judge Neil Stewart ordered a nominal sum of £1 be confiscated from Falcone's proceeds of crime after that hearing the defendant no longer had any assets. The court had heard that Falcone laundered £162,000 on behalf of his sons Michael and Peter, who ran a multi-million pound cocaine trafficking business on the streets of Woking. Falcone worked as a bookkeeper for his sons, who owned and were directors of the Trio Centre in Chobham, Surrey, where they leased shops. Prosecutors explained that a police sting operation had led to the conviction of the Falcone brothers in July 2006. Financial investigations revealed that Peter had netted over £1,375,000 from cocaine sales over six years, while Michael earned £958,000. Enquiries showed a "circular movement" of the money between the

brothers and their father: "Giovanni Falcone agreed with his two sons that they could use his bank accounts to deposit monies.... The money was then returned to them for the purchase of properties by them."

[Back to top of page](#)

FATF priorities set until 2012 - 12 April 2008

[Back to top of page](#)

Alistair Darling, the UK's Chancellor of the Exchequer, has chaired a meeting of FATF Ministers in Washington DC at which the Ministers endorsed a revised mandate for the FATF, which determines its direction and priorities between 2008 and 2012. The new mandate:

- deepens global surveillance of evolving criminal and terrorist threats identified by the FATF

- responds to new threats which affect the integrity of the financial system such as proliferation finance

- builds a stronger, practical and ongoing partnership with the private sector which is at the frontline of the global fight against money launderers and terrorist financiers

- supports global efforts to raise standards, especially in low capacity countries [i.e. low income countries with scarce resources and limited exposure to the international financial system].

Pro gamblers accused of laundering through Birmingham casino - 11 April 2008

Birmingham Crown Court has been told that over ten months, "staggeringly high" amounts of cash were gambled at a city casino by two professional gamblers who had been recruited to launder dirty money. Jatinder Salh gambled almost £1.7 million at the Gala Casino while Surkjit Birring staked over £420,000. The men, it was claimed, were part of a conspiracy to launder cash coming from a number of dishonest schemes including a VAT fraud involving mobile phones, the proceeds being siphoned off to Dubai. Richard Sutton QC, prosecuting, said that the profits from this scam were "huge", and that methods had to be found to launder the money. He said casinos provided deposit facilities so if cash was deposited on one day it was likely the notes removed on another day would be different. "Gambling of course could only be a way of laundering money if the chances of winning were reasonably good," he told the jury. He said that this was why Salh and Birring were recruited into the conspiracy - because they were experienced gamblers who could be expected to make reasonable returns for their stakes. The trial continues.

[Back to top of page](#)

US Internet fraud hits new high - 3 April 2008

A report issued jointly by the FBI and the National White Collar Crime Center has shown that money lost in Internet crimes hit a new high last year, topping US\$240 million [about £120 million]. The report, based on data from the Internet Crime Complaint Center, shows that more men than women were scammed over the Internet. The average loss for men was \$765; for women, \$552. Victims in their twenties lost an average of \$385, while people over sixty reported an average \$760 loss per scam. The most common crime reported was auction fraud, in which consumers did not get the right merchandise they paid for. The second most common crime was non-delivery of purchased goods, followed in third place by confidence fraud, in which scammers ask consumers to rely on them, resulting in a financial loss.

[Back to top of page](#)

Qatar tightens AML requirements - 3 April 2008

The Qatar Financial Centre (QFC) Regulatory Authority has enacted amendments to its Anti-Money Laundering Rulebook. The amendments include requiring a firm's MLRO to consider making a suspicious transaction report if a customer fails to undergo or to complete customer due diligence, and ensuring that enhanced monitoring of transactions applies to any branch or subsidiary of a QFC entity, even when it is operating in another jurisdiction. The amendments will come into force on 7 April.

[Back to top of page](#)

Operation Payback accelerates in Northumbria - 31 March 2008

In the run-up to Bonfire Night in 2006, police seized four tonnes of illegal fireworks from Ricklees Farm near Gateshead. They have now returned to the farm as part of Operation Payback 2 - targeting those who live off the proceeds of crime. A man and a woman were arrested on suspicion of money laundering, and police searched a line of luxury cars parked outside the property. They included a Range Rover Vogue, a Mercedes MC350 van, a Subaru Impreza, a Ford Focus, a Jeep, a Vauxhall Frontier and a white limousine. Police then seized four of the vehicles (worth £150,000 in total), as well as a leather three-piece suite, a motorcycle, two computers, an industrial jet wash machine and an industrial compressor unit.

[Back to top of page](#)

Another Vietnamese pilot arrested for money laundering - 31 March 2008

In a follow-up to an earlier story (see [Old news page](#), 18 August 2007), Vietnam Airlines pilot Quoc Viet Lai has been arrested at Sydney international Airport and charged with 40 counts of money laundering. It is alleged that since 2005 he accepted bribes to take more than AUS\$3.7 million [about £1.7 million] of drug money out of Australia. He is believed to have picked up suitcases of cash in Melbourne and Sydney and carried them onto planes back to Vietnam, using his privileged status as an airline pilot to bypass customs bag checks. He

was arrested on an outstanding warrant as part of Operation Gordian - a joint task-force between the Australian Crime Commission, the Australian Federal Police and New South Wales Police to track drug money.

[Back to top of page](#)

Law firm arsonist charged with money laundering - 30 March 2008

George Perez has been charged in Maryland, US with wire fraud, arson and money laundering in connection with a scheme to defraud the law firm where he was employed. From 2004 to 2007, Perez worked in the accounting department of a Baltimore law firm which specialised in real estate foreclosures. The law firm maintained an escrow account into which it deposited the proceeds from the sales of foreclosed properties and disbursed funds to creditors of the properties, and Perez was responsible for tracking those deposits and disbursements. He is charged with arranging 114 wire transfers from the escrow account into his personal account resulting in the embezzlement of US\$1,044,309.86 [about £523,697]. He allegedly altered spreadsheets for the escrow account so that the account appeared to be balanced, created fictitious real estate files to justify the transfers, and failed to make full disbursements due to creditors and instead wired the unpaid amounts to his own bank account. Finally, on 23 April 2007, Perez set fire to the offices of the law firm. He faces up to 20 years in prison for each of 10 counts of wire fraud, up to 10 years for each of five counts of money laundering, and up to 40 years for arson.

[Back to top of page](#)

Trouble implementing AML controls in the Philippines - 25 March 2008

The Supreme Court of the Philippines has ruled that the Anti-Money Laundering Council (AMLC) cannot look into a bank account without notice to the owner. In a 38-page motion for reconsideration, the Office of the Solicitor General has asked the Supreme Court to set aside its decision. Solicitor General Agnes Devanadera said bank enquiries conducted by the AMLC are "like a search warrant," which must be issued without notice, as notice and hearing would give the account holder the opportunity to conceal money, leaving authorities with "an empty bag" by the time the search is conducted. "While any further inquiry may allow government to obtain the desired information, the forfeiture or recovery of the proceeds becomes illusory," she said. She further commented that a bank enquiry is an "asset discovery tool" and also an "asset recovery tool" since the law requires that recovery of proceeds of crimes must be made immediately. The Anti Money Laundering Act would have to be amended to satisfy FATF requirements, she added. The World Bank and the Asia Pacific Group on Money Laundering are scheduled to conduct a joint evaluation of the Philippines in October 2008, and the fear is that the Philippines will be placed back on the FATF's list of non-cooperative countries and territories.

[Back to top of page](#)

US publishes 2008 International Narcotics Control Strategy Report - 25 March 2008

The US has published its twenty-fifth "International Narcotics Control Strategy Report" (INCSR). This is an annual report by the Department of State to Congress, and it describes the efforts of key countries to attack all aspects of the international drug trade in the preceding calendar year (in this case, 2007). Volume I covers drug and chemical control activities, while Volume II covers money laundering and financial crimes. This time round, the UK features as a "major money laundering country" because of its role as a leading financial centre.

[Back to top of page](#)

FinCEN issues warning about Uzbekistan - 20 March 2008

Following the FATF's recent warnings about various jurisdictions (see 28 February below), the US FIU, FinCEN, has issued an "advisory" about Uzbekistan:

"The Government of Uzbekistan has taken a series of legal actions that undermine the jurisdiction's AML/CFT regime. Uzbekistan had made progress in addressing AML/CFT deficiencies by enacting an AML/CFT law that went into effect in January, 2006. However, the Government of Uzbekistan subsequently suspended implementation of the law through a series of decrees until January 1, 2013.

Among other things, the decrees suspend the authority of Uzbekistan's financial intelligence unit to collect and analyze information on, and monitor, financial and property transactions; identify possible money laundering and terrorist financing mechanisms and channels; share information on identified crimes with law enforcement agencies for criminal prosecution; and cooperate and exchange information with foreign agencies and international organizations on AML/CFT issues based on international obligations and agreements of Uzbekistan. The decrees also suspend reporting, programmatic, and customer identification/due diligence requirements for covered entities. Moreover, the decrees subject reports to secrecy legislation and call for the General Prosecutor to strengthen bank secrecy "to prevent interference with activities of banking and other credit organizations" (Presidential Decree No. PP-565, January 12, 2007). The most recent decree (No. PP-3968, February 20, 2008) prohibits financial institutions, law enforcement, and other supervising bodies from inquiring about the sources of cash deposits in any amount, upon threat of civil or criminal penalty."

[Back to top of page](#)

FATF presidency to pass to Brazil - 20 March 2008

Later this year, the presidency of the Financial Action Task Force will pass from the UK to Brazil. This will mark the twentieth year since the FATF was founded. The new FATF president will be Antonio Gustavo Rodrigues, who was President of GAFISUD (the FATF-style regional body for South America) in 2006 and is currently the President of the Brazilian Financial Intelligence Unit. Brazil will host FATF plenary and working group meetings in Rio de Janeiro in October 2008.

[Back to top of page](#)

All the nice launderers love a Sailor - 18 March 2008

Ron Sailor, a state legislator in Georgia in the United States, has admitted that he laundered money for a man he thought was a drug dealer. Sailor said he had been trying to locate someone who needed money laundered for a fee because he was desperate for cash. He acknowledged that he believed the man he was working with was a drug dealer from Florida, and he asked for a 10% fee for the laundering. He took a total of US\$375,000 in cash from the man, who turned out to be an undercover police officer. One of the ways Sailor laundered money was to pay it into a bank account and then give the "drug dealer" certified cheques purportedly in payment for maintenance work on the fictional Light Center Baptist Church. Sailor told the court, "I offered to launder money for this individual to make money for myself to try to get out of debt... I have tried to make amends for my conduct." He agreed to resign as part of a plea agreement, and faces a long prison term when he is sentenced in May.

[Back to top of page](#)

Chinese restaurateur sent back to jail for laundering - 14 March 2008

Chan Kin Kwan, who runs the Happy Gathering restaurant in Cardiff, has been sent back to jail. He was imprisoned a year ago for money laundering, after he and his wife Carina admitted to suppressed the amount of takings at the restaurant they have run for ten years, leading to tax evasion and non-payment of VAT, and then to the laundering of the £1.2 million in proceeds. Chan was ordered to repay the money, but has repaid only a third of it and so has been returned to jail. His wife received a suspended sentence in 2005 and has since repaid the £300,000 she was judged to owe. Chan will have to repay the outstanding £780,000 when he is released from his sentence of three years and three months.

DCI Christopher Dodd, head of the Regional Asset Recovery Team for Wales, said: "This has been a long and difficult enquiry. The Proceeds of Crime Act has real teeth but the impact of the legislation is only seen when the criminal assets are finally repaid to the court. In this case Mr Chan was given many opportunities and a significant period of time to satisfy the order, a view the court agreed with. Prison is a proper consequence for those who fail to pay court orders. We will continue to pursue Mr Chan's assets for the outstanding amount."

[Back to top of page](#)

FSA publishes reviews of firms' AML implementation - 14 March 2008

The UK's Financial Services Authority (FSA) has published the findings of its first industry-wide review into how well firms are managing the risks that money laundering poses to their business. The review covered large, medium sized and small firms across each sector in the financial services industry. The results show that larger firms are adopting a more risk based approach and engaging senior management in tackling money laundering. Medium sized firms are also largely managing their money laundering risks appropriately, but there is still room for

improvement in smaller firms particularly in relation to staff training and regular risk assessments.

Philip Robinson, FSA Director of Financial Crime and Intelligence, said: "Most firms are taking their AML obligations seriously and general compliance is good, but there are areas where some firms need to increase their focus particularly around issues like Politically Exposed Persons (PEPs) and understanding their responsibilities in relation to any HM Treasury sanctions. Small firms also need to ensure that their staff are properly trained and that reviews of their AML procedures are carried out regularly."

[Back to top of page](#)

Jordan tightens AML requirements for money changers - 12 March 2008

The Central Bank of Jordan (CBJ) has issued new instructions to the country's licensed money changing businesses to tighten their AML practices. The CBJ said that the new instructions, which had been adopted in co-operation with the country's Anti-Money Laundering Unit, were "in line with the provisions of the 2007 Money Laundering Law as well as the requirements of the international criteria and accords ratified by the Kingdom". The new instructions, which replace those issued in 2001, require money changers to be sure of the identity of their clients and to refrain from doing business with people who fail to prove their identity. There are about 125 licensed money changing establishments in Jordan with a total capital of about 36 million dinars [about £25 million].

[Back to top of page](#)

NY State governor investigated in connection with Emperor's Club VIP - 10 March 2008

In a follow-up to the story below (7 March 2008), on-going investigations into the activities of the Emperor's Club VIP - a high-class prostitution ring - have uncovered a federal wire-tap on a Washington hotel. The recording features New York State Governor Eliot Spitzer allegedly arranging to meet a prostitute called Kristen. Investigators had found that Mr Spitzer was a repeat customer with the agency, and he allegedly paid more than US\$4,000 for each visit. No charges have yet been brought against him, and he has not admitted any offence. However, his top Republican opponent in the New York Assembly, James Tedisco, has called for his resignation: "If he does not resign within the next 24 to 48 hours, we will prepare articles of impeachment to remove him. We need a leader in place that has the support of people on both sides of the aisle." The allegations against Mr Spitzer, a high-profile Democrat who campaigned for ethical leadership, have caused widespread shock in US political circles.

[Back to top of page](#)

Prisoner's cash is frozen in jail - 9 March 2008

Armed robber Thomas Lothian has had £500 cash "frozen" by prison warders who suspect it to be the proceeds of crime, after it was posted to him anonymously in Glenochil Prison. This is the first time a prisoner has had money confiscated from his Prisoner's Personal Cash (PPC) account amid money laundering fears. Lothian claims the money is clean and was a gift from friends, and police are now investigating. Other prisoners are concerned that their money could be frozen, but a prison service spokesman said, "You cannot expect prisons to accept large sums of cash without knowing why it's been sent and what it's for. Prisoners could have cash lying in their accounts and be presented with a cheque when they leave, effectively laundering the cash."

[Back to top of page](#)

Guernsey launches its brand in China - 7 March 2008

GuernseyFinance has opened an office in Shanghai, officially launching the "Guernsey brand" there and providing a base for the island to promote its services to Chinese potential investors. Guernsey's Chief Minister Mike Torode performed the opening ceremony, presenting Ma Hong of the Shanghai Municipal Government Financial Services Office with a traditional silver Guernsey milk jug. Torode told his audience of Shanghai professionals that Guernsey is committed to forging stronger links between the two countries: "We are here for the long term."

[Back to top of page](#)

Imperial pimps charged with money laundering - 7 March 2008

Key members of an international prostitution and money laundering ring, known as the Emperor's Club VIP, have been arrested in New York. Mark Brener, Cecil Suwal, Temeka Rachelle Lewis and Tanya Hollander have been charged with running a prostitution ring, while Brener and Suwal have also been charged with laundering more than US\$1 million of the proceeds from the illegal operation. The Emperor's Club VIP was used to connect wealthy male clients with more than fifty prostitutes in New York, Washington, Los Angeles, Miami, London and Paris. The Emperor's Club VIP website displayed pictures of the prostitutes, ranking them on a scale of one to seven diamonds, and fees for their services ranged from \$1,000 to more than \$5,500 per hour. Client made payments for services in cash, wire transfers, money orders and charges to American Express cards; the payments were made to US banks in the names of front companies set up by Brener and Suwal.

[Back to top of page](#)

Conrad Black enters jail in Florida - 3 March 2008

Media tycoon Conrad Black has started his 6½ year jail term for fraud. He will serve his time as inmate number 18330-424 in the Low Security Unit of Coleman Federal Correctional Complex in Florida - America's largest prison. He will share a cell, and have to conform to standard prison routine (including prescribed times for sleeping, eating and working, a uniform, and

a US\$290 monthly limit on spending in the prison shop). Defiant to the end, he told reporters at the prison gate, "[The American authorities] will have their fleeting moment of brutish triumph but it's no real triumph for them - it's a complete travesty of justice. It doesn't bother me because it won't last long." Black's lawyers are filing an appeal, which will be heard in June. If it fails, Black will have to serve 85% of his sentence before parole. If it succeeds, he could be freed after serving little more than three months.

[Back to top of page](#)

FATF warns about six jurisdictions - 28 February 2008

In a statement issued at its recent plenary meeting in Paris, the Financial Action Task Force has expressed concerns about the AML/CFT regimes of six jurisdictions: Uzbekistan, Iran, Pakistan, Turkmenistan, São Tomé and Príncipe, and northern Cyprus. FATF member countries are advised to apply enhanced due diligence to their dealings with Uzbekistan and Iran, and to note that there are deficiencies in the AML/CFT regimes of the other four.

[Back to top of page](#)

Fiji's FIU meets for the first time - 27 February 2008

Fiji's FIU, the National Anti-Money Laundering Council (NAMLC), has held its first official meeting. Its head, Nazim Buksh, revealed that more than a thousand suspicious transactions are currently being investigated by the NAMLC, and several have already been forwarded to the Department for Public Prosecutions to determine if charges can be laid. The NAMLC is charged with implementing Fiji's Financial Transactions Reporting Act, which came into effect on 1 January 2008.

[Back to top of page](#)

UK Charity Commission given £1 million to tackle money laundering - 24 February 2008

The UK's Charity Commission is being given £1 million to help its members identify and combat terrorist groups trying to launder money through their accounts. Dozens of charities in England and Wales have already been probed for alleged terror links. Terrorist groups around the world are known to have hijacked legitimate charitable organisations and siphoned off millions of pounds to fund their illegal activities. Popular tactics include putting their own people on to the boards of the charities or simply setting up a charity as a front for a genuine cause but sending any monies raised

to support unlawful activities. Last year, an HM Treasury report laid out the problems facing charities and also how the government hoped to tackle the issue. It noted: "In order to ensure that the Charity Commission has the tools it needs to respond to the wider terrorist threat impacting on all regulated sectors, extra resources will be made available to increase the commission's capacity in this area. This will include an additional £1m for the year 2007/08."

[Back to top of page](#)

Japanese money laundering cases hit all-time high - 22 February 2008

The number of money laundering cases in Japan in which people were arrested or had papers sent to prosecutors increased in 2007 to a record 184 (up from 144 in 2006), the National Police Agency (NPA) has said in its annual report. Of the 184 cases, crime syndicates were involved in 65. The number of suspicious transaction reports submitted by financial institutions and others rose 39% to an all-time high of 158,000. The Financial Intelligence Unit, which handles such reports from financial institutions, was transferred in April 2007 from the Financial Services Agency to the NPA. From April to December 2007, similar units overseas requested information about dubious transactions connected to 33 cases, according to the NPA. Meanwhile, the Japanese unit received information connected to a total of 26 cases from overseas counterparts. From 1 March 2008, real estate agencies and jewellery dealers will be required to confirm the identity of customers and to report suspicious transactions.

[Back to top of page](#)

Virginia priest sent to prison for laundering church contributions - 21 February 2008

Rodney Rodis, a former Roman Catholic priest, has been sentenced to 63 months in jail for fraud and money laundering. Rodis pleaded guilty to mail fraud and money laundering in October 2007, after stealing more than US\$600,000 [about £305,000] in donations from St Jude Church and the Church of the Immaculate Conception in Louisa County, Virginia between 2002 and 2006. Rodis set up bank accounts and a post office box, where he directed parishioners to send contributions. He then transferred the money to his personal account, using it to support his wife and three children, whom he concealed from parishioners. He also wired money overseas to relatives who used it to buy real estate. US District Judge

Richard Williams also ordered Rodis to repay the Roman Catholic Diocese of Richmond more than \$591,000.

[Back to top of page](#)

Swiss lawyers for Pakistan press for Zardari to face laundering charges - 20 February 2008

Swiss lawyers acting on behalf of Pakistan have argued at a hearing in Geneva that money laundering charges against Asif Ali Zardari, widower of Benzir Bhutto and co-chairman of the Pakistan People's Party, should proceed in Switzerland despite Pervez Musharraf, the Pakistani president, dropping all corruption charges against the couple last year. The constitutionality of the amnesty has not yet been ratified by the supreme court in Pakistan.

Zardari is accused of depositing US\$55 million of bribes in Swiss bank accounts. The three-judge court in Geneva said it would rule soon on whether to send the case to the prosecutor for trial, or back to a magistrate for more work. One of the lawyers, Dominique Henchoz, said, "This dossier is a bomb for Zardari. His name appears on each page as the beneficial owner of offshore companies. Some 60 million Swiss francs have been frozen." The most senior lawyer involved, Jacques Python, added, "The facts which Mr Zardari stands accused of, taking commissions paid into accounts, are duly documented. It is urgent to act. The statute of limitations on some of the charges expires in July 2009." Bhutto and Zardari have always denied the charges.

[Back to top of page](#)

106 aircraft seized in Mexican money laundering investigation - 18 February 2008

Mexican troops have seized 103 aeroplanes and three helicopters in hangars in Culiacan, capital of the northern state of Sinaloa. The Mexican Attorney General's Office (PGR) also took part in the seizure operation, which was ordered when the so-called owners of the aircraft were unable to demonstrate their legal ownership. The PGR suspects that the aircraft were used to launder money. Sinaloa state is home to the Sinaloa Cartel, one of Mexico's largest organised crime rings, which is run by Joaquin Guzman, a convicted drug trafficker and fugitive better known by his nickname "El Chapo" (Shorty). The Mexican government has been fighting drug trafficking and organised crime in joint military-police operations

across the nation, with most of the recent action concentrated in northern states.

[Back to top of page](#)

Indian "kidney kingpin" under suspicion of money laundering - 15 February 2008

Amit Kumar, the alleged kingpin of a kidney transplant racket, is now under suspicion of money laundering. With many of his clients based overseas. Kumar has been accused by the India Central Bureau of Investigation of stashing a part of his earnings abroad - Canada has been named as a likely destination. Kumar has already been charged under the Indian Penal Code and the Transplantation of Human Organs Act 1994 with cheating, illegal confinement, causing grievous hurt, criminal intimidation and conspiracy. His father and two brothers are also being questioned about their involvement in the kidney scheme, while police are trying to find his second wife Poonam, whom they think might know something about huge investments made in Canada.

[Back to top of page](#)

Money laundering mother jailed in Australia - 12 February 2008

Neena McNair-Swirski, a mother of two from Brisbane in Australia, has been jailed for operating bank accounts in an internet money laundering scam. She and her former husband actively sought employment as money launderers, and they opened bank accounts to accept illegal transactions totalling about A\$56,000 [about £26,000] between December 2005 and March 2006. McNair-Swirski then withdrew the deposits in cash, took her commission, and forwarded money to a third party overseas. She was jailed for two years; her former husband was sent to jail last year for fifteen months.

[Back to top of page](#)

Mexican pleads guilty to smuggling turtles and money laundering - 11 February 2008

Esteban Lopez Estrada, a Mexican national, has pleaded guilty in the US District Court in Denver to the smuggling of sea turtle and other exotic skins and skin products into the United States from Mexico, and laundering the proceeds of that smuggling. Lopez Estrada ran a business called Botas Exoticas Canada Grance in Mexico through which he bought

and sold exotic leathers (including sea turtle, caiman, ostrich and lizard skins), then manufactured boots and belts from the skins and sold them to customers in the US. After arranging the sales, Lopez Estrada sent the exotic leathers and leather products to other colleagues in Mexico for clandestine importation into the US. As payment for the skins, boots and belts, he received international wire transfers from Colorado to his Mexican bank account. Lopez Estrada and ten others were indicted in Denver in August 2007 following an undercover investigation named Operation Central, conducted by the US Fish and Wildlife Service Branch of Special Operations. A sentencing hearing is set for 30 April 2008.

[Back to top of page](#)

Top Miami lawyer charged with money laundering - 7 February 2008

Well-known Miami attorney Benedict Kuehne and two others have been charged with money laundering and obstruction of justice. Kuehne, Gloria Florez (an accountant from Medellin in Colombia), and Oscar Saldarriaga (an attorney based in Medellin) pleaded not guilty to all charges. Prosecutors allege that lawyers working for Fabio Ochoa Vazquez, a convicted cocaine smuggler and an alleged leader of the Medellin Cartel, hired Kuehne to investigate the source of the funds Ochoa had used to pay them and to ensure they were not proceeds of drug-trafficking activities. From 2001 to 2003, Kuehne supposedly conducted a due diligence investigation, assisted by Saldarriaga and Florez. The indictment alleges that Kuehne, Florez and Saldarriaga knew that the funds used by Ochoa consisted of, or were at least commingled with, proceeds of drug trafficking and that the defendants concealed the information. It says Kuehne drafted six opinion letters falsely advising Vasquez's legal team that he had conducted a thorough and independent investigation into the source of funds and told them the funds were free from any taint of illegal activity, did not represent the proceeds of criminal conduct and were not commingled with proceeds of drug trafficking. The three then made four out-going wire transfers totalling US\$5.24 million [about £2.7 million] from Kuehne's attorney trust account to Vasquez's legal team, representing payments by Vasquez for his legal fees and expenses. The indictment seeks forfeiture of more than \$5 million. If convicted, the defendants each face a maximum of 20 years in prison and a \$250,000 fine on top of the criminal forfeiture.

[Back to top of page](#)

Malaysian and Sri Lankan FIUs sign MoUs - 7 February 2008

The Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka has signed a Memorandum of Understanding (MoU) with the FIU of Bank Negara (the central bank of Malaysia) to permit the exchange of information to facilitate the investigation and prosecution of money laundering and the financing of terrorism.

[Back to top of page](#)

Cocaine kingpin sentenced to thirty years in prison - 5 February 2008

A court in New York has sentenced Manuel Felipe Salazar-Espinosa - known as "The Hoover" - to thirty years in prison for drug trafficking and money laundering. Salazar-Espinosa had been named by the US Department of Justice as one of the world's most significant "drug kingpins", and was extradited from Colombia in 2006. He conspired with Mexican cocaine cartel leaders to import ton-quantities of Colombian cocaine through Mexico to the US on a weekly basis, and also assisted in the laundering of US\$12-14 million in illegal proceeds per week from 2002 to 2005. He was arrested when a 1.3-ton cocaine shipment destined for the US was discovered concealed in the arm of a crane and seized in Panama in July 2005. At the time of his arrest, he was also planning another shipment of 5 tons of cocaine that was to be flown from Colombia to Mexico and then transported to New York City.

[Back to top of page](#)

Noriega extradition halted again - 31 January 2008

A US federal judge has blocked the extradition of Panama's former dictator Manuel Noriega to France, saying he had not exhausted his possible appeals. In September 2007, Noriega completed a 17-year prison term in the US on drug charges but has remained in US custody while appealing his extradition to France where he faces money laundering charges. Judge Paul Huck in Miami said Noriega is entitled to have his appeals heard by a court in the state of Georgia, and possibly even the US Supreme Court. "It appears that these are legal issues on which no other federal court has ruled, directly or indirectly," Huck said, ordering that the extradition procedures remain suspended. The ruling is likely to delay Noriega's extradition by months or even years - and the man himself is already 73 years old. A French court sentenced Noriega to ten years in prison in 1999 after his conviction in absentia on various charges, but authorities say he

would be given a new trial on allegations that he deposited US\$3.15 million [about £1.6 million] in cocaine trafficking profits in French bank accounts in the 1980s.

[Back to top of page](#)

Macau's biggest-ever corruption trial ends with record jail sentence - 30 January 2008

The Court of Final Appeal of the Macau Special Administrative Region (SAR) has sentenced former SAR Secretary for Public Works and Transport Ao Man Long to 27 years in jail after finding him guilty of fifty-seven charges including corruption, money laundering and abuse of power. In his summation, the judge said that Ao had turned his official duty into "a money collecting machine", impairing public interest for his own benefit by criminal behaviour that was "predatory" and "insatiably greedy". In a trial in which over a hundred witnesses were called, Ao was accused of amassing a personal fortune between 2002 and 2006 by taking kickbacks for at least 41 public works and private development projects, including casino projects.

In addition to handing down a record jail sentence to the most senior official ever tried in Macau for corruption, the court ordered that Ao's illicitly acquired assets, worth 252.8 million patacas [about £16 million], and some of his properties, including a house in London that he reportedly bought for £5 million several years ago, be confiscated by the SAR government. Although Ao's lawyer is talking of an appeal, the Court of Final Appeal has announced that Macau's current judicial system does not provide for the possibility of an appeal against any of its sentences - as its name might suggest.

Meanwhile, the trials of four members of Ao's family - his father, wife, brother and sister-in-law - and some "business associates" are also underway at the Court of First Instance. The family members are charged with money laundering after allegedly receiving bribes from three businessmen. The prosecutor alleges that the money was deposited in offshore shell companies when Ao Man Long was still serving as the secretary for transport and public works.

[Back to top of page](#)

Japan strengthens its AML legislation - 29 January 2008

The Japanese government has decided to fully enforce its money laundering prevention law from 1 March 2008. Currently, the law requires financial institutions to verify customer identity and to report suspicious transactions to the authorities. From 1 March, the same obligations will apply to other businesses such as real estate agents, jewellers and private mail box management firms. Professionals such as notaries and certified public accountants will need to check customers' identities. Those who violate the law will face up to two years in jail or a fine of up to 3 million yen [about £14,150]. The reporting obligation of the law has not been extended to lawyers because of a strong backlash from the Japan Federation of Bar Associations.

[Back to top of page](#)

FSA publishes 2008 Financial Risk Outlook - 29 January 2008

The Financial Services Authority (FSA) has published its 2008 Financial Risk Outlook (FRO), warning firms and consumers of the risks inherent in a "significantly less benign economic environment". With regard to money laundering, the FRO says, "The Money Laundering Regulations 2007 should make it more difficult for criminals to launder funds through firms in the UK. However, as anti-money laundering (AML) controls improve, criminals will look to exploit the weakest points in the system and there is a risk of displacement to sectors that have previously been considered lower risk. Firms in all areas of financial services need to regularly reassess the risk to their business and ensure that they are effectively mitigating that risk. Trade-based money laundering (for example, the misrepresentation of the price, quantity or quality of imports or exports) could become increasingly attractive to criminals as other opportunities for money laundering diminish."

[Back to top of page](#)

Nigerian faces laundering confiscation in London - 25 January 2008

Nigerian businessman Terry Waya has been ordered to pay a £1,540,000 confiscation order and £5,000 costs at Southwark Crown Court. He was arrested in November 2005 on suspicion of money laundering and was linked to Diepreye Alamiyeseigha, the former governor of Bayelsa State, who has since been convicted in Nigeria of theft and money laundering. In October 2005, Waya offered to pay £500,000 bail security on behalf of

Alamieyeseigha after the former governor was arrested in London for alleged money laundering. However, concerns were raised and the bank closed Waya's account; when he was arrested, police seized from him a banker's draft for £543,000, representing the closing balance of his account. In September 2006, Waya was charged with two counts of obtaining money transfers by deception. He was later found guilty of this, and of obtaining a mortgage of £465,000 by deception - he had given false information in his application about his status, current employment, date of birth and other details. The £1,540,000 is judged to be the benefit of Waya's criminal activities and represents the current value of his London property.

[Back to top of page](#)

Russian central banker speaks out - 24 January 2008

In a rare interview with the press, Viktor Melnikov, Deputy Chairman of the Bank of Russia, reported that suspicious cash withdrawals in Russia fell by 8% in 2007 - although the figure still amounted to over a trillion roubles (3% of the country's GDP). Large cash withdrawals are often used by individuals and companies to evade tax or pay bribes to corrupt officials. Melnikov's colleague, chief banking supervisor Andrei Kozlov, was murdered in September 2006 for leading a campaign against bad banks, and Melnikov himself has bodyguards and an armoured car.

"The central bank is weeding out bad banks from the banking system," said Melnikov. In the past two years, the Bank of Russia has revoked the banking licences of 104 banks. Russia still has over a thousand banks, most of them tiny - a legacy of the time just after the collapse of the Soviet system when it was very easy to get a banking licence.

Talking about money laundering, Melnikov revealed that his biggest worry was large cash withdrawals and the transfer of cash abroad in connection with fake business deals. The equivalent of £12 billion was taken out of Russia in 2007, to settle fictitious import deals for goods that never arrived. One operation involved a Moscow furniture shop giving a fee of US\$500 million to an Estonian consultancy firm supposedly to look into the feasibility of drilling for oil in Antarctica, while another cash withdrawal was made by a firm allegedly to buy carrots from a Russian farmer - but the amount withdrawn was many times greater than the value of all carrots grown in Russia.

[Back to top of page](#)

US former legislator and family found guilty of money laundering - 17 January 2008

German Quiles, a retired state representative from Philadelphia and now the owner of a cheque-cashing business, has been convicted, with his wife and daughter, of laundering US\$175,900 [about £90,000] between September 2006 and January 2007. Quiles, his wife Maria and their adult daughter Gloria were found guilty of conspiracy, money laundering and aiding and abetting after they laundered drug money through their money service business, Aruba Auto Tag Service and Aruba Check Cashing Inc. Following a tip-off to the Department of Homeland Security, an informant visited Aruba Inc. thirty-five times over sixteen days. On those visits he obtained 83 money orders and four wire transfers to the Dominican Republic totalling \$6,000, and exchanged small bills for \$100 bills twenty times. Aruba was paid \$9,800 in fees for these services. The Quiles family faces forfeiture of \$131,575 in property. All three will be sentenced in April: German and Maria each face 63 to 78 months in prison; Gloria faces 41 to 51 months.

[Back to top of page](#)

President of Interpol resigns after allegations of corruption - 13 January 2008

Jackie Selebi, president of the international police agency, Interpol, has resigned following his suspension as South Africa's national police commissioner. South African prosecutors have said that Mr Selebi will be charged with corruption, but have not said when. He is alleged to have received the equivalent of £90,000 from businessman Glen Agliotti - a convicted drug smuggler who is accused of involvement in the 2005 murder of mining magnate Brett Kebble. Mr Selebi denies allegations of corruption or defeating the ends of justice, and in his resignation letter said he was stepping down "in the best interests of Interpol and out of respect for the global law enforcement community". In another twist, Gerrie Nel, the official leading the investigation into the charges against Mr Selebi, has now himself been charged with corruption. Mr Nel, a member of an elite South African anti-crime unit known as the Scorpions, was freed on bail after his arrest.

[Back to top of page](#)

US MSB enters into record settlement with Justice Department - 12 January 2008

US money transmitter Sigue Corporation, based in California, will forfeit US\$15 million [about £7.6 million] and commit to spend \$9.7 million [about £5 million] to upgrade its anti-money laundering program as part of an agreement with the US Justice Department to settle charges that it violated anti-money laundering rules in handling remittances to Latin America. The penalty sets a record for a settlement with the Justice Department by a money service business. The agreement will focus on AML deficiencies that resulted in suspicious transactions primarily between customers in the US and Mexico several years ago.

[Back to top of page](#)

Bare-knuckle boxer jailed for money laundering - 3 January 2008

John Joyce has been jailed for money laundering following a police investigation into a spate of 'tit-for-tat' shootings on a Manchester estate. A house used by Joyce was the scene of one shooting, and police enquiries revealed that he was living beyond his legitimate means. Despite being on unemployment and housing benefit, Joyce had accumulated around £80,000 which he had deposited in bank accounts under his own name and that of his girlfriend. He flaunted the money on a lavish lifestyle, buying convertible cars, jewellery and designer clothes. During police interviews, Joyce said he had made the cash through organising and fighting in bare knuckle brawls among the travelling community, benefit fraud, tax evasion and illegally dealing cars. He pleaded guilty to six charges of money laundering and was jailed for 17 months.

[Back to top of page](#)

UK police to get PoCA windfall - 2 January 2008

Vernon Coaker, Home Office Minister for Crime Reduction, has announced that police forces across England and Wales are to receive a £4.4 million cash boost from assets seized from criminals. The incentive scheme introduced last year allows the police and recovery agencies to retain half of all cash they seize from criminals. Criminal assets confiscated by police forces and other asset recovery agencies between July and September 2007 totalled £30 million, £15 million of which is to be shared between police, prosecutors, customs officers and other public agencies. Between April and June 2007, police in England and Wales received £3.8 million from the incentive scheme. Chief Constable Mick Creedon, Association of Chief Police Officers Lead on Asset Recovery, said: "The Proceeds of Crime Act has provided a significant opportunity for police forces and other law enforcement agencies to take the illegally gained assets from career criminals who have previously benefited from

their activities. All forces employ skilled staff who lead this work, and the fact that a proportion of the recovered monies returns directly to the forces continues to support this investment."

[Back to top of page](#)

Cyprus and Malta adopt the euro - 1 January 2008

Cyprus and Malta have joined the group of thirteen countries already using the euro. Major bank branches opened for a few hours in Cyprus despite the New year holiday, while the Maltese celebrated the currency's arrival with fireworks. Together, the two countries have added 1.2 million people to the number using the single currency. However, the switchover in Cyprus will highlight the long-standing division between the south (which now uses the euro - with the coins inscribed in both Greek and Turkish) and the Turkish-controlled north (which is outside the EU, recognised only by Turkey, and uses the Turkish lira). Both the Maltese lira and the Cyprus pound will remain legal tender until the end of January. Commercial banks in Malta will exchange Maltese lira into euros free of charge until the end of March, and the central bank will allow exchange of lira notes until 2018. In Cyprus, euros can be exchanged free of charge until June, and the central bank will allow exchange of pound notes until 2017. The euro will also become legal tender on British military bases in Cyprus - the first part of sovereign British territory to adopt the currency.