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Welcome to this newsletter which aims to provide you with interesting news and useful information on money laundering and related topics.

CREDIT CRUNCHED?

I don't suppose I am the only person who has been watching with increasing incredulity events unfolding in banking and financial (and political) circles.

To describe these events as unprecedented in living memory might be something of an understatement.

It would be a pleasant change for a few days to go by without, somewhere in the world, a new bank crisis involving a hurried take-over or effective nationalisation.

The roll-call of humbled financial institutions, Northern Rock, HBOS, Bradford and Bingley, AIG, Merrill Lynch, Fannie Mae and Freddie Mac, and so on is frankly incredible. Nor do we appear to have reached the end of them.

On a political front, it is perhaps unique for a US President to have lost the power to carry substantially all of his party with him on a key vote in Congress even before he has been elected! Yet this appears to have been the fate of either John McCain or Barack Obama.

Considering the position in 'Main Street' as opposed to 'Wall Street', it has been clear for some months that the UK housing market has been depressed, with prices stagnating then falling, and the level of activity reduced to a trickle.

We have yet to see the full impact in the wider economy, but it is a fair bet that a lack of consumer confidence will be reflected in other markets and, in due course, in the profits of other businesses.

Perhaps what makes this problem more significant than, say, the end of the dot com boom, is that it is the banks (which stand behind and finance every other type of commercial activity) which have been hardest hit. When your bank sneezes it may give you influenza!

There is too the danger that, in these times of turmoil, normally honest and decent people - finding themselves under severe financial stress - may resort to dishonest conduct when all else seems to fail.

Added to that we should expect that difficult times will bring to light earlier dishonesty which might have gone undiscovered if the boom had continued unabated. Like a receding tide revealing underwater rocks, dishonesty such as unauthorised 'borrowing' of funds may now be exposed.

On a brighter note, that may be good for the business of forensic accountants such as myself. They do say 'every cloud has a silver lining'.

TIMETABLE FOR REGISTRATION WITH HMR&C

A reminder, for those accountants who are obliged to register with HMR&C - the timetable required that completed application forms and fees should be submitted by 30 September 2008. If you have not yet registered, a quick bit of form filling is overdue! The register will become effective on 1 January 2009.

MONEY LAUNDERING ADMISSIONS

My eye has been caught by a couple of cases recently in which individuals have pleaded guilty to money laundering, even though the prosecutors apparently were unable to identify any crime which had generated the allegedly criminal funds.

If the newspaper reports are accurate, it would appear that the defendants in these cases pleaded guilty rather than take their chances on a trial.

Ian Craig, a 43 year old unemployed window fitter admitted four charges of money laundering at Truro Crown Court. He had £24,000 hidden in his girlfriend's bedroom and had spent £50,000 on BMWs.

However his exploits are rather left in the shade by Kerry Reed, a 30 year old man from Chertsey, who pleaded guilty to money laundering at Kingston Crown Court on 7 August - for which he was sentenced to 3 years imprisonment and will now face confiscation proceedings. According to tax records Mr Reed had no legitimate source of income. He had however purchased seven Range Rovers, four Porsches, three BMWs, two Ferraris, and two Bentleys since 2003, buying each from new with large cash deposits. Perhaps not surprisingly, this came to the notice of police.

These cases are of particular interest as they illustrate the impact of the decision in June this year in the case of R v Anwoir and others [2008] EWCA Crim 1354, in which the Court of Appeal said "there are two ways in which the Crown can prove the property derives from crime, a) by showing that it derives from conduct of a specific kind or kinds and that conduct of that kind or those kinds is unlawful, or b) by evidence of the circumstances in which the property is handled which are such as to give rise to the irresistible inference that it can only be derived from crime".

Previously it had been argued that the Crown was obliged to identify at least the type of criminal conduct which had given rise to the "criminal property" which had been laundered. This is no longer the case (unless the matter is to be appealed to the House of Lords) and it will be sufficient to show an irresistible inference that the property in question is derived from crime.

GOOD NEWS!!

For those, like myself, worried by the credit crunch I have some good news.

I have just heard that this Thursday on US TV a nice mommy will be on hand to explain the international financial turmoil and sort it all out - by shooting a few bears, apparently! Let's hear it for Sarah Palin.

If you require any assistance or have any queries concerning issues related to forensic accountancy, proceeds of crime or money laundering contact d.winch@AccountingEvidence.com or visit our website www.AccountingEvidence.com.

Kind regards

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