

September 2009

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

THE G20 AND THE FATF

One of the less publicised outcomes of the recent meeting of the G20 in Pittsburgh was a request to the FATF (Financial Action Task Force) to publish, by February next year, a list of the countries vulnerable to money laundering and terrorist financing.

The FATF say that they had been planning to do just that and they are well on the way towards it.

And whilst we are on the subject . . .

COMPLIANCE IN JERSEY AND THE ISLE OF MAN

Recent reports give Jersey and the Isle of Man high ratings for compliance with anti money laundering and terrorist financing requirements. Jersey reportedly complies, or largely complies, with 44 of the 49 FATF recommendations. That beats the USA which largely complies with 43.

Jersey was however asked to look again at the "over generous" use of a concession which allows reliance to be placed by Jersey businesses on customer due diligence carried out by third parties (in Jersey or elsewhere).

The IMF report on the Isle of Man recognised that considerable progress had been made recently in updating legislation (not yet tested in court) and procedures to improve the island's compliance although, as with Jersey, there remain areas of relative weakness.

All in all I expect the authorities on the two islands will be feeling rather pleased and relieved at the outcome of their inspections.

HMRC FRAUD REPORTING ONLINE

HM Revenue and Customs have recently introduced an online tax fraud reporting facility.

It is perhaps not the most user friendly web-based facility. Users are solemnly warned that if they fail to complete and submit the five part form within 15 minutes their report will not be accepted. If you take too long you have to start again from the beginning. Nice one!

BENEFIT FRAUD

Primarily for lawyers among my readership I have written an article setting out the main points which the prosecution have to prove under sections 111A or 112 Social Security Administration Act 1992 in cases of alleged benefit fraud. There are references to decided cases in support of each point.

I also make some comments regarding mitigation and the use of a forensic accountant in benefit fraud cases.

The article can be downloaded from www.AccountingEvidence.com.

FAREPAK PAYOUT

Almost three years ago the Christmas hamper business Farepak went into administration. The administrators (now liquidators) recently announced that they are in a position to make payments to some of the creditors, in particular those whose money was paid to Farepak after 11 October 2006. However no date has been fixed for payments to commence to the main body of creditors.

I remember this case because I appeared in a BBC TV documentary about the collapse of the company. At the time even I did not expect such lengthy delays in making the payment to the majority of customers who lost out. It seems like a long wait for Christmas.

EXPERT WITNESSES AND LEGAL AID

The Ministry of Justice has launched a consultation on payment for expert witnesses in court proceedings from the legal aid fund. In a nutshell the government wants to cut its expenditure by 20%, primarily by capping the rates paid for experts' work at £100 per hour or less, with a maximum of £500 per day or less payable for attendance at court.

The danger is that many experts, such as accountants, will have plenty of more remunerative work of other types available and will simply not be prepared to act as expert witnesses at these rates. That would be a loss to the criminal justice system and, whilst saving the legal aid budget, might result in increased costs and inefficiencies elsewhere.

POLICE CONFISCATED ITEMS ON EBAY

Police in Leicestershire have opened an E-Bay account to sell goods they have received following confiscation proceedings against convicted criminals. The goods themselves are not 'hot', they are legitimate assets previously owned by criminals who are now subject to confiscation orders.

I wonder if they might have a BMW X5 with tinted windows - they probably have dozens of those!

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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