

September 2010

The Bottom Line



Frustration! Frustration! Frustration!

In August newspapers have reported several different frauds; **all were avoidable.**

Here are two of them

FRAUD 1

Louise Martini aged 36 had worked for solicitors Williamson & Soden for 17 years.

She has been found guilty at Gloucester Crown Court of theft and money laundering and is awaiting sentence.

SHE STOLE £1,634,582 from her employers; she had been stealing from them for the last 7 years.

During this period she bought a Range Rover Sport V8, an Audi A5 Quattro Coupe, a £3,300 holiday in Las Vegas, £11,000 worth of Chanel jewellery, the Crown Inn in Peopleton, Worcestershire, The Bull's Head pub in Inkberrow, Worcestershire and much more.

She is due to be sentenced in October, and is looking at a prison term.

ONCE again an employee was in a position of trust without any supervision or having key elements of their duties segregated.

RED FLAGS - the extravagant lifestyle, irregularities in the accounts under her control, and cheques were presented to partners for signing without being checked by them.

The firm of solicitors said they were "fully insured."

FRAUD 2

Have you heard of Acorn Solicitors of **Rotherham?** (*Not to be confused with Acorn Solicitors of Taunton*)

Nick Christofi and his partner Sharon Griffin wished they hadn't; Acorn Solicitors conned them out of £735,000.

Nick was sold a large 4 bedroom house in Hadley Wood. North London. Trouble was, the house was in the process of being repossessed, and the people who sold it to him were crooks.

The crooks set up a dummy firm of solicitors to handle the conveyance; Nick paid his money to his solicitor who transferred it to the account of the bogus Acorn Solicitors – the money was never seen again and if Nick cannot get his money back, the bank will repossess the house.

Acorn Solicitors were listed on the Law Society website, who took six weeks to remove it after being informed of the fraud.

The Solicitors Regulation Authority did not warn the public that the firm was under police investigation.

Nick's solicitor, the SRA and the Law Society deny any liability.

RED FLAGS – the client account was held by a bank in Wembley, whilst the solicitors' postal address was in Rotherham.

Their website did not work.

FRUSTRATION

Statistics

An estimated 2-5% of turnover lost as a result of fraud

20% of people will never steal

20% of people are fundamentally dishonest and should be in prison

The remaining 60% of people are basically honest, but if the opportunity arises, and the risks are minimal, they may be tempted

Half of all frauds are discovered as a result of a "tip-off"

Having a robust anti-fraud policy is an investment, not a cost

The cost of implementing the most effective anti-fraud controls will never amount to more than a tenth of the money lost to fraud in a year

Frauds committed by managers are numerically less than frauds committed by lower level employees, but the financial loss is significantly greater

Fraud cost the British economy £3 billion last year

In 2008 fraud cost the British economy £30.5 billion

The two frauds shown above both have one thing in common; the people involved took everything at face value, it did not cross their minds that they had become victims until it was too late.

The perpetrators of the frauds are not the only people with questions to answer, the Solicitors Regulation Authority, the Law Society, Louise Martini's employers and Nick Christofi's solicitor should all look at how they could have handled things better.

DON'T BE A VICTIM!

My company, Paul Wiseman Investigations specialises in corporate investigation.

On behalf of our clients we:

- ✓ **Conduct compliant fraud and employment investigations**
- ✓ **Introduce anti fraud policies**
- ✓ **Perform fraud risk assessments**
- ✓ **Perform Pre-employment checks**
- ✓ **Perform due diligence on companies**
- ✓ **Introduce and maintain company fraud hotlines (responsible for the detection of almost half of all frauds against companies)**
- ✓ **Conduct staff fraud awareness training**
- ✓ **Install covert and overt CCTV**

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