



***The ticking time
bomb Bribery and
money laundering***

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Does crime pay?





The Daddy of them all





Allen Stanford

- A Texan Cricket enthusiast - weird
- Bought by corruption a country
 - Antigua
- Simple due diligence would have exposed him
 - Already was bankrupted in Texas debts \$13 million
 - Under investigation for money laundering in Montserrat prior to move to Antigua



The corruption web

- Money equals respectability?
 - Oh no it doesn't
- Lavished money at Lords
- \$100 million five year deal
- Twenty20 tournament
- Substantial money paid to the ECB
- Socialised with the great and good



The corruption web

- Antigua \$72 million in debt to him
- Owned (now closed) the Antiguan newspaper
- Was head of the IFSA (regulator)
- Rewrote Antiguan law to prevent exposure of himself or his cronies
- Burgled the IFSA offices



The corruption web

- Arranged arrests of his business rivals on charges of dishonesty
- Bought illegally, land owned by rival with government connivance
- Corrupted the new IFSA (regulator)
- “Gift” to Antigua of \$53million
- Exclusive rights to a private air terminal



The corruption web

- Arrested by the FBI June 2009
- Currently on remand (no bail)
- 22 million pages of documents
- Total criminality alleged \$7billion
- Recently badly beaten in jail
- Unlikely to come to trial in the near future if at all



THE BRIBERY ACT, 2010

- A genteel form of blackmail
- Blackmail
 - Demand
 - Menaces
 - Unwarranted
- Bribery
 - Request
 - Promise
 - Inappropriate



So what could have been
done?

Simple due diligence

Open source research

Ask the questions

Do not assume



The law enforcement attitude

- Legislation is designed to be self enforcing
- The old standby, good systems and procedures
- Likely to be regulator enforced rather than Law enforcement agency enforced.
 - LEA enforced usually means gone over to the “dark side”
 - Regulator enforced usually means breaches – deliberate, accidental or negligent



The law enforcement attitude

- Be careful!
- All agencies will be looking for a quick win
“pour encourager les autres”
- Witch hunts will not be on the agenda
- Remember an offence under the Bribery Act *may* form the predicate offence under the Proceeds of Crime Act 2002



Predicate offence?

- Forms the basis for a money laundering investigation
- Bribe of £50,000 to win contract of £2million
 - All £2million = proceeds of crime = confiscation
 - “Fruit of the poison tree”



Criminality and Reputation

Alpari MLRO fined £14,000 for failures in his anti money laundering systems. Unable to hold CF10 or CF11 titles for three years

(ML Regulations breaches)

FSA fines Sindicatum Holdings for anti money laundering failure

- Firm fined £49,000
- MLRO personally fined £17,500

October 2008

(ML Regulations breaches)

Lloyds TSB fined \$350 million for sanctions breaches

January 2009

(ML breaches)

AON fined £5.25 million for systems and procedures failure

January 2009





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Thank you for listening

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