

Fraudcast

Welcome to Fraudcast, the new monthly email bulletin produced by the North East Fraud Forum and Quantis, Chartered Accountants, bringing you the latest fraud news and developments in the UK and across the world. In this issue we concentrate on the latest scams that are being perpetrated on Internet Auction sites.

NEFF UPDATE FROM PHIL BUTLER

Can I first of all thank our editor Peter Smith of Quantis for volunteering to publish our newsletter. This is intended to be a publication for the benefit of all our members and it will, I'm sure, be a useful medium to share information and announce current trends, scams, events, news and conferences. We welcome any articles, news, information or events that you may wish to pass on to other members and if you have anything please e-mail it to John Heslop via the NEFF website.

We hope that those of you who attended last week's Masterclass presented by the US Legal Attache's Office found it interesting and informative. A big thank you once again to Tim Hill and Guy Harvey at Dickinson Dees for the excellent hospitality as our hosts. We are at present organising our annual conference and also filming a new Business Crime DVD which will be circulated and available via the website. We are very grateful to Government Office North East and the Business Crime Team for the funding made available. The NEFF franchise is rolling out this year to the South West, South East Scotland and London. Nearer to home, we are working hard this year to reach groups within Cleveland, Durham and Northumberland.

Can I conclude with further good news: As you are aware according to the AXA Business Crime Index in 2003, Economic Crime in the Newcastle region fell by 32%. The recent 2004 figures reveal that the 2003 level has been maintained, rather than being a blip in the figures. We are the only region in England and Wales with such decreases in Economic Crime since 2002. Please keep up the good work and we look forward to seeing you soon.

NEW eBAY SCAM COULD COST AUCTION BUYERS MILLIONS

BRITISH eBay users are being targeted by a new fraud. Computer security experts say a con known as 'second chance' could cost British users of the online auction site millions of pounds. People who have lost out in an auction are sent an email offering them a second chance to buy goods they bid for. But when the consumer clicks on a link in the email, they are taken to a hacker's website where their credit card details are stolen.

Because the hacker's site looks identical to eBay - which runs a legitimate second chance service - many are fooled.

News of the latest swindle to hit the auction site comes as a teenager from south Wales admitted stealing £45,000 by selling nonexistent electronic equipment to eBay users.

The 17-year-old from Pontypool, who cannot be identified because of his age, conned more than 100 people into thinking they had bought cheap mobile phones, computers, games and consoles. Buyers sent cheques but never received the goods.

The boy funded an extravagant lifestyle that included a trip to New York and nights out in stretch limousines.

The 'second chance' trick has already conned thousands in the US and has now hit Britain - where eBay hosts nine million visitors a month. The huge number of users makes eBay a big target, especially as many users are perhaps not as technology literate as they could be.

The problem is these emails, and the sites the hackers create, are indistinguishable from the real thing. Hundreds of thousand of the bogus emails are being sent, and it only takes two or three per cent of people to respond and you have made a lot of money.

With the technology getting more and more sophisticated every day, we are seeing emails that can install a virus that photographs your screen and sends it to its creators. Every time eBay blocks a scam, the hackers leapfrog them with another one.

The auction site itself admits it is powerless to stop the fraud. Garreth Griffith, eBay's UK head of trust and security, said: 'We do offer a legitimate service to sellers where if a sale falls through they can approach the next highest bidder, and this is what people are taking advantage of.'

'We urge people to use the same common sense they would in a shop.'

He said users who get a suspicious email should look at the address of the link in the email, as it appears on the browser, to check it is from eBay.

DON'T BELIEVE ALL THEY SAY ON eBAY

A hi-tech version of an old scam has fleeced a County Durham businessman out of £6,000.

For several years police forces across Britain have received complaints from people and businesses who have received unsolicited letters, faxes and emails, usually originating from Nigeria. Now the crooks have turned their attention to internet auctions.

While the exact nature of the scam can vary, the object of the scheme is simply to trick the victims into handing over details of their bank account.

More recently, fraudsters have latched on to people selling items via popular auction websites. One recent victim - a 25-year-old man from Stanley - was targeted after he advertised a set of alloy wheels on the Admart site for £700. A series of emails followed, purporting to be from a potential buyer who said he would make the purchase with a business cheque.

The cheque, for several thousands of pounds, duly arrived and was paid into the vendor's bank. When the victim contacted his bank he was told the cheque had cleared, so through a travel agent and Western Union he wired the money back to the Nigerian capital, Lagos, minus the sum for the alloy wheels and £100 "compensation" for his trouble, which he was told to keep.

However, a few days later his bank told him the cheque was counterfeit and he was £6,000 overdrawn. Details of the offence have been sent to the National Criminal Intelligence Service (NCIS) in London. In the meantime the victim is arranging a meeting with his bank to discuss the unexpected overdraft.

Detective Constable Peter Eddy, from Durham Constabulary's economic crime unit, said: "Our advice is always to be wary of any offer which looks too good to be true. The authorities have had limited success in tracing those behind the Nigerian frauds, so in the meantime all we can do is urge people to be cautious and use their common sense."

COUNTERFEIT CHEQUES

Julie Kinghorn of Northumbria Police Economic Crime Unit writes: These are commonly used when someone is selling something on Ebay.

Example:- You have a car to sell and place the details on Ebay, you are contacted and are told they would like the car shipped out to Lagos. They are owed money from someone in England and so will get them to send you a cheque for the amount owed, it is greater than the amount they will be paying you but they trust you to cash the cheque, keep the amount agreed to cover the purchase and transportation of the car, send the car and wire the additional money to them via Western Union.

Meanwhile the cheque arrives and it is from a local authority made payable to you and is possibly £2-3,000 more than your costs. You wait 5 working days and the money is credited to your account. You withdraw the excess and send it via wire and arrange for the car to be transported. About a month later a large withdrawal is made from your account and you receive a letter from the bank telling you that the cheque you deposited is a counterfeit, you are now minus a car, transportation costs and the full value of the cheque.

Why wasn't it discovered sooner, possibly the sort code on the cheque has been changed from that of the bank the cheque belongs to i.e. Nat West details but a Barclays sort code, so for the last month it has been bouncing around Barclays until someone physically gets hold of the cheque and sees it is a Nat West cheque. It is then sent to Nat West and they realise it is a forgery. You are the loser.

FRAUD REVEALED IN TERROR SCARE

An asylum seeker arrested in a terror scare at Newcastle Airport has been jailed for his part in a massive cheque fraud. Police quizzed Dilson Filipe under terrorist laws after passengers became alarmed by his behaviour. Officers discovered the Angolan had only been playing a computer game, Newcastle Crown Court heard. He was re-arrested when his Portuguese ID card was found to be false. Further investigations revealed the 26-year-old and fellow Angolan refugee Adao Issenguel were players in a gang intercepting cheque books at sorting offices. Filipe, of Sunderland, had banked cheques worth £10,000. Issenguel, 21, of Shipley Walk, Byker, had let his account be used to cash £3,000 cheques.

They admitted conspiracy to defraud. Filipe was jailed for 18 months and Issenguel for 12. Judge Maurice Carr recommended Filipe be deported.

FRAUD CRACKDOWN SAVES NHS £500 MILLION

A clampdown on NHS fraud by patients and health workers has saved almost £500million in the last five years, according to official figures. The NHS Counter Fraud and Security Management Service (CFSMS) said that since 1998 their work has helped save the NHS £478million – enough money to pay for 60,000 kidney transplant operations or 100,000 hip replacements.

Health minister Lord Warner said the money would be spent on patient care. Among the scams tackled by the CFSMS were prescription fraud by patients falsely claiming free medicines, and NHS staff fraudulently submitting bogus payment forms for their work. Since 1998 it has been successful in 216 prosecutions and in 275 civil and disciplinary cases – a successful prosecution rate of 97%. The statistics showed that overall losses from fraud by patients had been cut by 49%. In some areas, claims by NHS professionals have fallen by as much as 46% after processes were fraud proofed.

The CFSMS is halfway through a 10-year plan to cut fraud against the NHS to an absolute minimum. Since 1998 it has appointed more than 400 counter fraud specialists covering every NHS trust, primary care trust and other health bodies. Lord Warner said, "I welcome the saving of nearly half a billion pounds from fraudsters. This can now be spent on what it is intended for – patient care. The vast majority who work in or use the NHS have united on this very important issue. Patients and the public deserve a modern, high-quality NHS, with more doctors and more nurses, and this is what we are striving to help provide." CFSMS chief executive Jim Gee said, "We have worked with the vast honest majority to make it clear to the minority who perpetrate fraud that their actions are completely unacceptable. However, there is no room for complacency and we know that financial demands on the NHS for improved standards of clinical care mean that there can be no let up in protecting its resources. The more we can protect NHS resources, the better the NHS can protect the public's health."

And finally ...

JUDGE ADVISES INEPT ROBBER TO GO STRAIGHT

A German bankrobber has been advised by a judge to go straight because he lacks the talent for crime. The 28-year-old from Dusseldorf was already waiting outside the bank he was planning to rob before it opened. Dressed in shorts, a sleeveless shirt and a woollen hat, he soon attracted attention as he spent three hours plucking up the courage to go inside. When he finally went into the bank, he pulled his hat down over his face but was unable to see as he had cut the eyeholes in the wrong place. Ripping off the hat in frustration he walked straight past a security camera, providing what Judge Wolfram Schnorr mockingly praised as "first-class pictures." The would-be robber then threatened a cashier with a pistol-shaped lighter, but she told him he had better leave. He took her advice but was immediately arrested by police officers waiting for him outside. At his trial, Judge Schnorr advised him against trying again, saying "You'd be better off giving up robbing banks. You are clearly untalented for the job." The man received a one year suspended sentence.

Fraudcast is published by:

Quantis
Chartered Accountants,
13 Newgate Street,
Morpeth,
Northumberland
NE61 1AL

Tel: 01670 511 999
Fax: 01670 511 333
www.forensic-accountants.co.uk

In conjunction with:

North East Fraud Forum
C/o Economic Crime Unit
Northumbria Police
Market Street Police Station
Market Street
Newcastle upon Tyne
NE1 6XA

Tel: 0191 221 8696
www.northeastfraudforum.co.uk

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USEFUL NUMBERS AND CONTACTS

Advertising Standards Authority (ASA)
2 Tarrington Place, London WC1E 7HW
T:- 020 7580 5555 F:- 0207 6313051
E-mail: - enquiries @asa.org.uk
Web: - www.asa.org.uk

*A self regulating body for non-broadcast adverts in the UK
The ASA administers the British Codes of Advertising Practice to ensure that ad's are legal,
decent and honest.*

Independent Committee for the Supervision of Standards of Telephone Information Services.
(ICSTIS)

Freeport WC5468, London SE1 2BR
T:- 0800 500212

Web:- www.icstis.org.uk

*Complaints regarding 0900 numbers. These are the premium rate lines and they should
stipulate how much the call costs per minute and the length of the call.*

National Association of Citizens Advice Bureau (NACAB)
Middleton House, 115-123 Pentonville Road, London N1 9LZ
T:- 020 7833 2181 F:- 020 7833 4371

Web:- www.adviceguide.org.uk

Consumer advice

Fax Preference Service (FPS)

DMA House, 70 Margaret Street, London W1W 8SS

T:- 0845 0700702 F:- 0845 0700705

E-mail:- fps@dma.org.uk

Web:- www.fpsonline.org.uk

Register your fax number to stop receiving unwanted marketing faxes.

The Independent Television Commission (ITC)

Viewer Relations Unit, 33 Foley St, London W1W 7TL

T: - 0845 6013608

Web:- www.itc.org.uk

Regulates TV in the UK

The Internet Watch Foundation (IWF)

5 Coles Lane, Oakington, Cambridgeshire CB4 5BA

T:- 01223 237700 F:- 01223 235921

E-mail:- admin@iwf.org.uk

Web:- www.iwf.org.uk

Illegal material on the internet

Mailing Preference Service (MPS)

DMA House, 70 Margaret Street, London W1W 8SS

T: - 020 7291 3310 F:- 020 7323 4226

E-mail :- mps@dma.org.uk

Web:- www.mpsonline.org.uk

Register postal address to stop receiving unwanted adverts by mail

The Office of Fair Trading (OFT)

Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX

T:- 0845 7224499

E-mail enquiries@oft.gov.uk

Web:- www.oft.gov.uk

Ensuring consumers have choice across all sectors of the marketplace. Promotes and protects consumer interests while ensuring businesses are fair and competitive.

The Office of Telecommunications (OFTEL)

Consumer Representation Section, 50 Ludgate Hill, London EC4M 7JJ

Regulator of UK telecommunications industry - consumer to receive quality, choice and value for money from telecom services.

The Office of the Information Commissioner (OIC)

Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF

T:- 01625 545745 F:- 01625 524510

E-mail data@dataprotection.gov.uk

Web:- www.informationcommissioner.gov.uk

Body responsible for enforcing Data Protection and freedom of information legislation, i.e. unsolicited marketing phone calls, text messages and faxes.

Telephone Preference Service

T:- 020 7291 3320

To block cold calls. Once on list if cold called then complaints to the Office of the Information Commissioner.

Trading Standards

They are usually based at your Local Authority premises. They also give consumer advice.

CREDIT CHECKS

Credit Industry Fraud Avoidance Scheme (CIFAS)

Web:- www.cifas.org.uk

T:- 0870 0102091

Experian

Web:- www.creditexpert.co.uk

T:- 0870 241 6212

Equifax

Web:- www.myequifax.co.uk

T:- 0870 0100583

Call Credit

Web:- www.callcredit.co.uk

T:- 0870 0601414