

# FRAUDCAST

Welcome to the Autumn issue of Fraudcast, the 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 look at the developments in tackling Fraud over the past 12 months, from the launch of further Fraud Forums across the UK, to the impact of the Fraud Bill and closer to home, the workings of NEFF.

## **NEFF UPDATE FROM PHIL BUTLER**

It doesn't seem that long since those of us engaged in fighting fraud bemoaned the Government's efforts at taking serious our concerns about their response to the problem of fraud. Yet here we are nearing December 2007 with a new Fraud Act and a Government sponsored Fraud Review which is fully engaged with NEFF.

The outlook is a lot rosier than it was a few years ago and from the law enforcement point of view, we are using our Fraud resources to tackle serious and organised crime. The proliferation in self certified mortgages by criminals is worrying, but we must continue to work together to fight the good fight.

We hope you have had good value from the recent NEFF events and if there are any areas you think we need to concentrate on, then please get in touch.

On behalf of all of the NEFF team and your fellow members can I thank you for your support and wish you and your colleagues and families a safe and happy Christmas.

## **FURTHER FRAUD FORUM LAUNCHES**

During the course of 2007, a number of new Fraud Forums have been launched. Many of the NEFF's members will have colleagues in other UK offices and may wish to share the details of the emerging Fraud Forums with them. In the last twelve months we have seen the following:

Eastern Fraud Forum – covering Norfolk, Suffolk and Cambridgeshire – [www.easternfraudforum.co.uk](http://www.easternfraudforum.co.uk)

Fraud Women's Network – based in London and bringing together women in the anti-fraud business – [www.fraudwomensnetwork.com](http://www.fraudwomensnetwork.com)

London Fraud Forum – launched on 4 October 2007 and covering the City – [www.londonfraudforum.co.uk](http://www.londonfraudforum.co.uk)

North West Fraud Forum – covering Greater Manchester, Merseyside, Cheshire, Lancashire and Cumbria – [www.northwestfraudforum.co.uk](http://www.northwestfraudforum.co.uk)

Yorkshire and Humber Fraud Forum – now almost one year old and covering North, South, East and West Yorkshire – [www.yhff.co.uk](http://www.yhff.co.uk)

On 21 February 2008, the Midlands Fraud Forum is to have its inaugural Conference – thereby giving almost full coverage across the UK. The missing piece in the jigsaw at present is the South East and Thames Valley. It is understood that the Home Office are seeking to address this and it is on the agenda of one of the Ministers to get this off the ground.

Quite some progress from the humble beginnings around a table at Jarrow Police Station.

## **FIGHTING FRAUD TOGETHER – THE ATTORNEY GENERAL SETS OUT A NEW VISION FOR TACKLING FRAUD**

In October 2007, the Government gave the green light to a groundbreaking initiative to protect business, taxpayers and the public from fraud.

Over £28 million of new funding has been committed to help make the UK the world's hardest target for fraudsters.

Welcoming the announcement of the extra funds, the Attorney General said:

"Fraud drives up costs to business; exploits the vulnerable; and robs taxpayers of the public services they have paid for. Business and criminal justice experts strongly welcomed our proposals for a tougher approach to fraud and the new investment announced today means we can put them into practice".

City Minister, Kitty Ussher said:

"The government is determined to protect the public from crime and keep the UK an honest, fair-dealing place to do business. We're putting concrete measures in place to protect firms, taxpayers and the public from dishonest criminals who seek to exploit their trust. This is good news for the financial services sector and for the economy as a whole".

Funding announced as part of the Comprehensive Spending Review paves the way for the key recommendations of a major government review of fraud to be rolled out in the year ahead. These include:

- a new National Strategic Fraud Authority, which will drive forward a comprehensive strategy for tackling fraud that brings together the Government, criminal justice practitioners, business and the public. The NFSA will have a key role in increasing the UK's resilience against fraud and ensuring the effectiveness of the UK's response;
- a new Lead Force, centred on the City of London Police, which will act as a centre of excellence to increase the UK's capability to investigate fraudsters and bring them to justice;
- a National Fraud Reporting Centre, hosted by the Lead Force, which will radically streamline the way that cases of fraud are reported and which will analyse reports to maximise their intelligence value – informing the National Strategy and helping to target investigations and anti-fraud work in the future;
- innovative pilots to measure the impact and cost of fraud, to help identify priority areas for change and assess the impact of anti-fraud effort;
- reforms to the criminal justice system to make sure that fraudsters are brought to justice efficiently and victims are better able to get redress.

Welcoming the announcement as a significant boost to the UK's financial services industry, Michael Snyder, Chairman of the City of London's policy committee said:

"I am delighted that the Government has decided to make the City of London Police the lead force in the country for tackling fraud and economic crime. Based in the world's leading international finance centre, the Square Mile, it has just the right specialist knowledge and expertise for this work. The City of London Corporation, as the City's Police Authority, will shortly be deciding its own additional funding for this vital work".

City of London Police Commissioner and ACPO lead for Economic Crime, Mike Bowron, said:

"With this funding, the City of London Police will be able to make serious inroads into reducing the estimated £20 billion a year that fraud is currently costing this country."

"This is an irresistible opportunity for the Force to take a lead role in making the UK a place where fraudsters don't want to operate."

### ***A National Fraud Strategy***

The Government Fraud Review identified that the economic and social cost of fraud is severe, and separate research<sup>1</sup> has estimated that reported fraud alone costs the economy and society at least £13.9 billion a year.

To tackle this threat, the Fraud Review argued for the creation of a national coordinating body – the National Fraud Strategic Authority - to deliver a comprehensive programme that attacks fraud through the entire pipeline of deterrence, prevention, detection, investigation, sanction and redress to victims. The NFSA's anti fraud strategy will be designed to ensure that:

- knowledge of fraud is managed effectively – through proper measurement and information sharing - to drive national improvement in tackling it;
- activity between government, business, regulators, and the criminal justice system is properly coordinated for maximum impact;
- law makers and law enforcers work together to radically change the balance of risk and reward against the fraudster.

The Review also identified:

- scope – through a National Fraud Reporting Centre - to streamline the reporting of cases of fraud and use these to build the UK's intelligence picture of the threat;
- an opportunity to establish the City of London Police as a lead force and centre of excellence to build the UK's capacity to investigate fraud;
- areas where better trial management, specifically the creation of a specialist financial court, could increase efficiency in bringing fraudsters to justice.

The CSR funding means that these key proposals will now be rolled out in the coming months.

### **NATIONAL IDENTITY FRAUD WEEK**

***'79% of Britons continue to throw away their identities'***

The UK's third National Identity Fraud Prevention Week - a major awareness drive, warning of the dangers of identity fraud – took place between 8<sup>th</sup> to 14<sup>th</sup> October 2007.

As new research reveals that 79% of us are still being careless with our personal details, an unprecedented group of public and private sector partners have come together to support the UK's largest identity fraud awareness drive. The campaign aims to educate consumers and businesses as to the dangers of identity fraud, and the preventative steps that could – and should – be taken.

This year's campaign is supported by the Metropolitan Police, the Identity and Passport Service, Royal Mail, CIFAS – The UK's Fraud Prevention Service, Fellowes, Callcredit, Equifax, Experian, HM Revenue and Customs, the Federation of Small Businesses, The Home Office, the Serious Organised Crime Agency (SOCA), the DVLA, The City of London Police, the BBA, the FSA, the British Security Industry Association (BSIA), regional police forces and politicians from across the political divide.

Despite continuing efforts to combat identity fraud – still one of the UK's fastest growing crimes – a Populus poll commissioned for this campaign, shows that three quarters of UK adults have now been personally affected, or have friends and family who have been affected, by identity fraud. Furthermore, 80% of Britons fear having their identity stolen. National bin-raiding research, commissioned by Fellowes, reveals why not enough is being done to keep identity thieves at bay.

- Over 19 million households regularly place sensitive materials in their waste and recycling bins;

- 11% throw away whole credit/debit card numbers – a combination of a complete card number with its associated expiry date and owner's signature was found in the waste and recycling of 13% of households;
- A third of us are still throwing away everything a fraudster needs to steal a person's identity, including passports, driving licences, CVs, phone and utility bills

The Glaswegians fared worst in this study - in one week, 82% of households had disposed of material that could have been used by a fraudster. London's (Wandsworth) residents followed closely behind (74%) had disposed of material that contained such sensitive material. The most responsible behaviour patterns were seen in Birmingham (62%) and Cardiff (69%).

Exclusive research carried out by Experian for National Identity Fraud Prevention Week shows that the wealthiest and most creditworthy sections of society are at the greatest risk, with fraudsters increasingly launching premeditated and sophisticated attacks. However, while wealth and lifestyle can make top-salaried and affluent individuals more likely to be targeted, those renting are also at high risk. Graduates and young professionals are among those most at risk, as are council tenants.

Individuals and businesses are also increasingly at risk online, where the dangers for fraudsters are lower. Later in the week there will be activity aimed at raising awareness of the dangers of paper based and online fraud.

Research conducted for the 2006 campaign showed that 97% of households regularly placed sensitive materials in their waste and recycling bins. The 18% decrease this year shows the impact that campaigns such as this are having in educating consumers about the dangers of identity fraud, and the preventative steps that could and should be taken. There is light at the end of the tunnel and National Identity Fraud Prevention Week 2007 aimed to continue this positive trend.

There are several ways ID fraudsters may potentially target consumers. These include: good old fashioned theft of personal documents or security information; stealing post from communal hallways; using mail which has not been redirected after someone has moved; duping consumers to disclose personal details online; or bin raiding.

ID fraudsters need more than one single piece of information or documentation to steal an identity. Whilst an address, postcode, driving licence, passport, national insurance number or even a utility bill are not necessarily useful to a fraudster in isolation, collectively they are as valuable as cash to the ID fraudster, so they need to be stored securely or disposed with care.

## **FORTHCOMING NEFF CONFERENCE / MASTERCLASSES / SEMINARS**

### **Masterclasses / Seminar**

Charity Fraud Seminar– Tuesday 4<sup>th</sup> December 2007 – Gateshead Council Chambers

The seminar is free to all registered charities and will cover IT risks, internal control procedures, Powers of Attorney, Probate Fraud and Employment Law issues.

For booking details visit [www.northeastfraudforum.co.uk](http://www.northeastfraudforum.co.uk)

# And finally ...



## **ANDY PIPKIN LOSES HIS SHIRT!**

A man in a wheelchair caught stealing expensive silk shirts escaped capture after he jumped and ran out of the shop. Shop workers caught the man stuffing designer shirts under the seat of his wheelchair. They held on to his wheelchair while waiting for police to come and arrest him – but the man jumped up and dashed out of the shop. "We thought because he was in a wheelchair he couldn't walk and so just kept hold of the handles and not him. We were so surprised when he ran out that it was too late to follow him," said one shop assistant. His escape was brief however after police discovered him hiding in bushes a short distance from the clothes store and arrested him for theft.

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