

# FRAUDNET TAKES ON CORPORATE CRIME

ICC FraudNet  
COMMERCIAL CRIME SERVICES

Peter Lowe, executive director of FraudNet



**Fraud is an increasingly complex problem in the modern world. Perpetrators are now assisted by the latest communications technology, and the crimes themselves invariably cross national borders. However, the services available to fight fraud are also better than ever. Peter Lowe, executive director of FraudNet, a specialist global network of lawyers, spoke to Ryan Daff about the war on fraud.**

As the global economy opens up, businesses are increasingly vulnerable to fraud, and can suddenly find themselves at risk unless they exercise due diligence at all times. Frauds are also now more complex and involve larger sums of money than before, with many new scams taking advantage of the potential anonymity and increased global scale that sophisticated electronic transactions provide. This makes the problems of seeking redress and recovery much more complex, as victims are unsure how to respond or who to turn to.

London-based ICC Commercial Crime Services (CCS) is the anti-crime arm of the International Chamber of Commerce, and is a non-profit crime detection and prevention membership organisation for the business community. The organisation has worked to shield companies from crimes affecting business for more than 25 years, working within a wide range of countries and jurisdictions. CCS's FraudNet is a unique global network of law firms that specialise in tackling business crime.

## FraudNet

FraudNet was set up in 2004 to provide an innovative way to tackle fraud and track down and take action against the offenders, using the combined strengths of a global network. Through FraudNet, victims of fraud are provided with a first local-point-of-contact service staffed by legal specialists, which is accessible via the website or by phone (details provided). This point-of-contact approach simplifies the case management process and ensures rapid and effective action.

FraudNet executive director Peter Lowe explained the corporate-crime-fighting venture to Corporate UK: "Cases of fraud come to FraudNet members from a number of sources," he said; "from enquiries off the website and to individual members directly. The members in turn may also refer parts of a multi-jurisdictional case to other members of the network."

"It was a concept I had been working on for a number of years," he continued. "I felt there was a need for a network of specialist fraud lawyers who were involved in tracing assets and asset recovery, who could offer a service to victims throughout the world. These would be legal specialists who practice in this area, who would provide the necessary resources to assist victims."

## Specialist expertise

Mr Lowe explained: "FraudNet specialises in tackling all types of fraud, including asset-recovery, money laundering, Ponzi schemes, identity frauds, and commercial trading frauds. The FraudNet members are particularly involved in recovery work – tracing assets, and recovering those assets for the victims. They are experts in their own jurisdictions, and can draw upon the wider expertise of the network in tackling legal issues in other parts of the world where money could have flown to."

## International scope

"The problem with fraud of course, is that it's very often transnational," added Mr Lowe; "so there's not necessarily one jurisdiction. It's vital to have a network of specialists. ICC has intervened in quite a few instances of fraud relating to trade, shipping and finance, where the problem of transnational fraud is very much in evidence."

"We approached a number of specialist firms who had expressed an interest in the concept. The basic idea was we would have one firm in each jurisdiction. This has changed slightly, because we now have a number of law firms in different parts of the US – because of its federal structure. These being in New York, Miami, the Mid-West, Dallas and California."

"In Switzerland we've got two; in Brazil we've got two. We've currently got 49 members throughout the world, soon to be 50. The network currently has a huge geographical spread – quite a few firms in South America, most countries within Europe, and a number in South-East Asia. We're still looking for FraudNet members in countries such as China and Russia."

Mr Lowe also talked about FraudNet's rapid growth, revealing that the venture has had approximately ten new members each year since its inception. In regard to FraudNet's selection process, Mr Lowe said: "We have a committee that deals with selection. Members can apply but they have to be vetted to ensure they have the necessary expertise. A number of firms have applied and have been rejected."

Mr Lowe explained that FraudNet has now become arguably the world's premier specialist network of fraud legal experts, currently at 49 and set to grow to around 60 in the next few years. The network's members meet face-to-face twice a year in different parts of the world, having held meetings in London, Madrid, Miami, Rio de Janeiro, Buenos Aires, and Singapore. This year its meetings will take place in Prague and Munich.

Mr Lowe said: "The network is very active – one of its requirements is that the members meet with each other face-to-face on a regular basis. When members meet, we have a one or two day conference, with an educational element involving presentations on fraud-related issues. We also meet to discuss issues relating to the network: how we can do things better, and how we can advance the network and ensure that it grows and provides the relevant services to victims."

"Another reason for getting together is so that our lawyers are able to meet each other and often refer work amongst each other. There is a lot of work referral within the network because a member of, let's say the British Virgin Islands,

may be instructed on a fraud case, but there are legal issues in other jurisdictions – maybe the money has gone to Switzerland for example – and another network firm member needs to be instructed to work on that part of the case."

"So there are a lot of referrals within the network, but there's also work coming in from outside. Victims will see the website, may want to use some of the law firm members to assist them, and they will instruct them either directly or through us. We have a newsletter we send out to members called Commercial Crime International. We also keep databases on fraud and fraudsters, and members can gain access to these."

"The other aspect of FraudNet from the members' point of view is that being a member of FraudNet is a seal of approval. Since all of the members have been vetted, they are confirmed experts in that area, and firms are rightly proud of this accolade."

## Ponzi schemes

"Transnational fraud is growing dramatically and I think we can expect a lot more in this recession/depression we're in," continued Mr Lowe. "We've already seen the case of Bernard Madoff and his Ponzi fund in the US; we've had the case of Jerome Kerviel in France; and there will doubtless be other frauds, still to be uncovered, which will become apparent over the next few years. Fraud is a growth industry, and there is a great need for legal expertise in different parts of the world to tackle it."

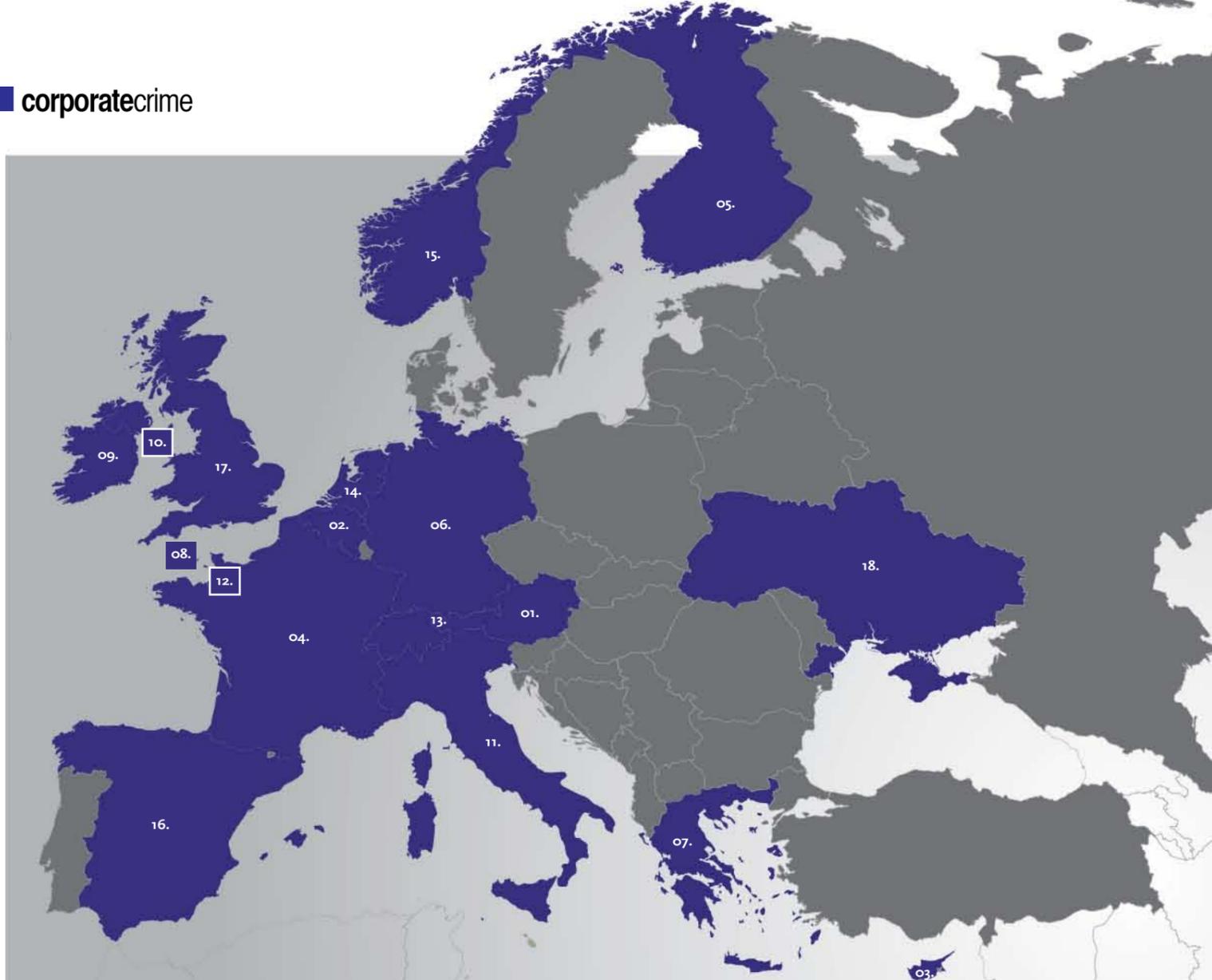
The Ponzi scheme that Mr Lowe refers to, perpetrated by Bernard Madoff – former chairman of NASDAQ and founder of a brokerage firm

named after him – was one of the more pertinent examples of large-scale fraud in recent years, and as good an indication of the growing fraud problem as any. A Ponzi scheme is a fraudulent investment operation that pays returns to investors from their own money or money paid by subsequent investors, rather than from any profit. Madoff's firm offered a steady yearly return of 10-12%, no matter how the markets performed. His strategy was supposedly to combine simultaneous positions in stock and options markets, acting like an insurance mechanism where losses from one market are outweighed by gains in the other, leaving a return for investors. Instead his firm recycled capital of new investors to repay others – essentially "robbing Peter to pay Paul", as the idiom goes. The liabilities were huge at \$50 billion, and went undetected for two decades until Madoff was arrested and charged in December of last year.

## The future of FraudNet

"The network is going from strength to strength," said Mr Lowe. "It does appear to be delivering the results, not only to the members, but also to the victims – and I think we can expect to see it working on quite a number of large-scale transnational frauds in the future."

**FraudNet members are specialists in fraud, asset-tracing and recovery, money-laundering, and cyber-crime. If you think you may be a victim of fraud and are unsure what to do next, please contact FraudNet via the website: [www.icc-ccs.org](http://www.icc-ccs.org); by e-mail: [fraudnet@icc-ccs.org](mailto:fraudnet@icc-ccs.org); or by telephone: +44 (0)20 7423 6960.**



**11. ITALY - Studio Alberto Moro Visconti**  
Roberta Guaineri  
roberta.guaineri@amvsoci.eu  
39 0245 51551  
www.amvsoci.eu

**studio degli avvocati**  
Alberto Moro Visconti  
Enrico de Castiglione  
Roberta Guaineri

**15. NORWAY - Kogstad Lunde**  
Trond Werner Lunde  
Trond.Werner.Lunde@klco.no  
47 23 35 88 10  
www.klco.no

**ADVOKATFIRMA MNA  
KOGSTAD LUNDE  
& Co.**

**12. JERSEY - Crill Canavan**  
Nuno Santos-Costa  
nuno@crillcanavan.com  
01534 601700  
www.crillcanavan.com

**CC**

**16. SPAIN - Hammonds**  
Fernando Gonzalez  
Fernando.Gonzalez@Hammonds.com  
34 91 426 4840  
www.hammonds.com

**Hammonds**

**13. LIECHTENSTEIN - Lampert & Schächle**  
Siegbert Lampert  
lampert@lslaw.li  
423 233 45 40  
www.lslaw.li

**Rechtsanwälte  
Attorneys at Law  
lampert & schächle**

**17. UNITED KINGDOM - PCB Litigation**  
Steven Philippsohn  
SNP@pcb litigation.com  
44 (0) 207 831 2691  
www.pcb litigation.com

**PCB  
LITIGATION**

**14. NETHERLANDS - Hocker Advocaten**  
Kees van de Meent  
meent@hocker.nl  
31 20 577 7700  
www.hocker.nl

**Höcker**

**18. UKRAINE - Magisters**  
Marta Khomyak  
M.Khomyak@magisters.com  
7 7172 592 576  
www.magisters.com

**Magisters**



**01. AUSTRALIA - Arnold Bloch Leibler**  
Leon Zwier  
lzwier@abl.com.au  
61 3 9229 9999  
www.abl.com.au

**Arnold Bloch Leibler**  
Lawyers and Advisors

**02. HONG KONG - Laracy Gall**  
Jeff Lane  
lane@laracygall.com  
852 2836 0555  
www.laracygall.com

**LARACY GALL**  
REAL ESTATE, CORPORATE LAWYERS, FINANCIAL

**03. NEW ZEALAND - Wilson Harle**  
Chris Browne  
Chris.Browne@wilsonharle.com  
64 9 915 5700  
www.wilsonharle.com

**Barristers and Solicitors  
WILSON HARLE**

**01. AUSTRALIA - Arnold Bloch Leibler**

**04. PAKISTAN - AwanRaza**  
Mahmood Awan  
mahmood.awan@awanraza.com  
92 51 2853587  
www.awanraza.com

**AR  
AWAN RAZA**

**03. NEW ZEALAND - Wilson Harle**

**01. AUSTRIA - Wolf Theiss**  
Bettina Knoetzl  
bettina.knoetzl@wolftheiss.com  
43 1 515 10 5200  
www.wolftheiss.com

**WOLF THEISS**

**06. GERMANY - Bernd H Klose**  
Bernd Klose  
bernd.klose@raklose.de  
49 6172 7317 0  
www.raklose.de

**Bernd H. Klose  
Fachanwalt für Insolvenzrecht**

**02. BELGIUM - Field Fisher Waterhouse**  
Emmanuel Roger France  
Emmanuel.RogerFrance@ffw.com  
+32 2 742 70 00  
www.ffw.com

**Field Fisher Waterhouse**

**07. GREECE - Anagnostopoulos Bazinas Fifts**  
Ilias Anagnostopoulos  
ianagnostopoulos@abf.gr  
30 210 7292010  
www.abf.gr

**AB  
F**

**03. CYPRUS - Andreas Neocleous & Co**  
Panayiotis Neocleous  
panayiotis@neocleous.com  
357 25 362818  
www.neocleous.com

**NEOCLEOUS**

**08. GURNESEY - Carey Olsen**  
John Greenfield  
John.Greenfield@careyolsen.com  
44 (0) 1481 727272  
www.careyolsen.com

**THE CHANNEL ISLANDS LAW FIRM  
CAREY OLSEN**

**04. FRANCE - Lebray and Associates**  
Stephane Bonifassi  
s.bonifassi@lebray.fr  
33 (0)1 44 90 17 10

**Lebray&Associés**

**09. IRELAND - Arthur Cox**  
Gregory Glynn  
Greg.Glynn@arthurcox.com  
353 1 618 0470  
www.arthurcox.com

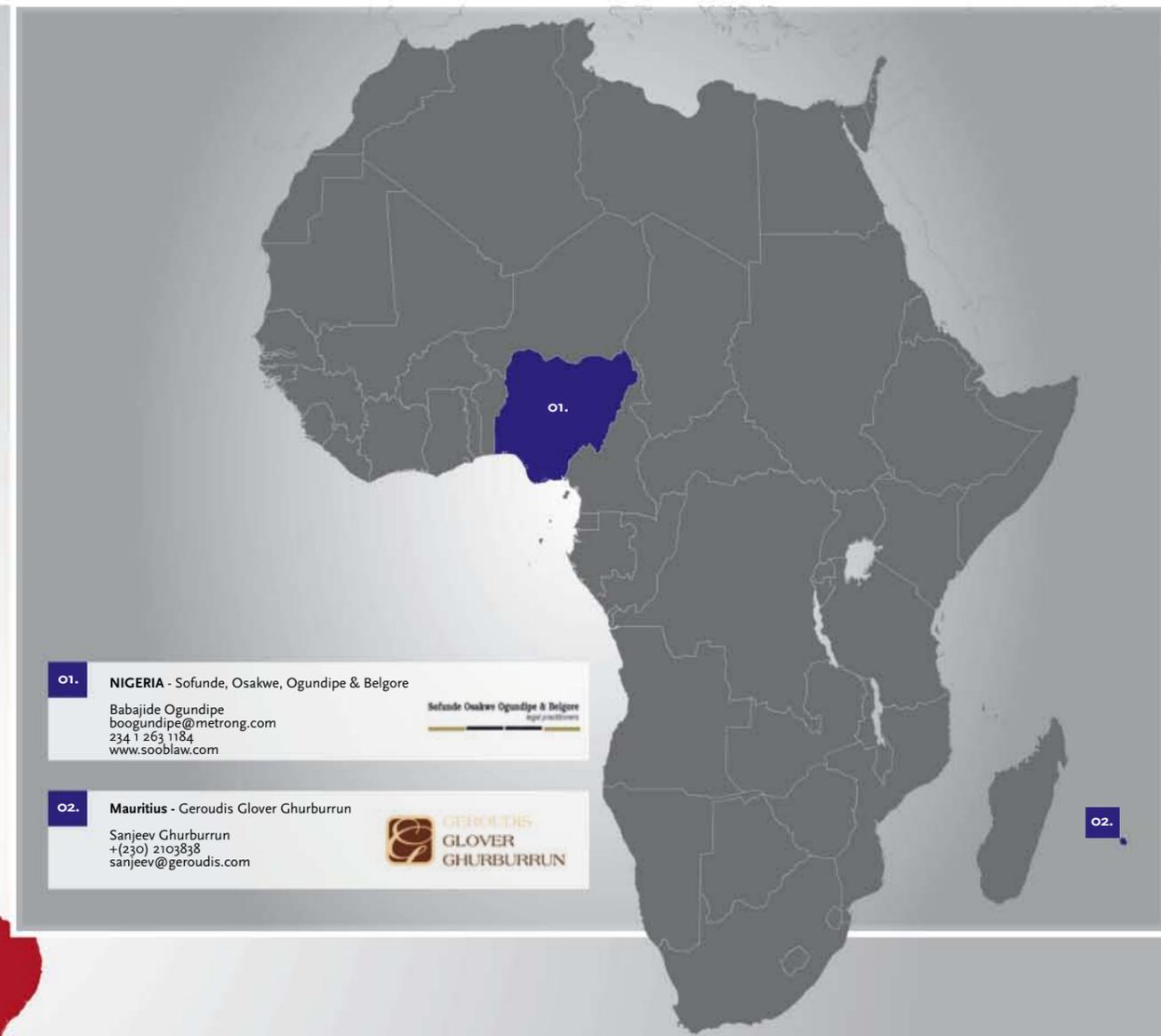
**ARTHUR COX**

**05. FINLAND - Roschier**  
Petri Taivalkoski  
Petri.Taivalkoski@roschier.com  
358 (0)20 506 6000  
www.roschier.com

**ROSCHIER**

**10. ISLE OF MAN - Quinn Kneale**  
Jonathan Wild  
jwild@quinnkneale.com  
01624 623195  
www.quinnkneale.com

**QUINN KNEALE**



**01. BAHAMAS** - Peter D Maynard  
Peter Maynard  
peter.maynard@maynardlaw.com  
Tel: 242 325 5335 / 5339  
www.maynardlaw.com

**02. BERMUDA** - Appleby  
Kelvin Hastings  
khastings@applebyglobal.com  
441 295 2244  
www.applebyglobal.com

**03. BRAZIL** - Barbosa, Müssnich & Aragão Advogados  
Antenor Madruga  
ant@bmalaw.com.br  
55 (61) 3218-0300  
www.bmalaw.com.br

**04. BRITISH VIRGIN ISLANDS** - Martin Kenny & Co  
Martin Kenny  
mkenny@mksolicitors.com  
1 284 494 2444  
www.martinkenny.com

**05. CANADA** - Fraser Milner Casgrain  
Matthew Lindsay  
matt.lindsay@fmc-law.com  
1 403 268 3037  
www.fmc-law.com

**06. CAYMAN ISLANDS** - Walkers  
Diarmad Murray  
Diarmad.Murray@walkersglobal.com  
345 949 0100  
www.walkersglobal.com

**01. NIGERIA** - Sofunde, Osakwe, Ogundipe & Belgore  
Babajide Ogundipe  
boogundipe@metrong.com  
234 1 263 1184  
www.sooblaw.com

**02. Mauritius** - Geroudis Glover Ghurburrin  
Sanjeev Ghurburrin  
+ (230) 2103838  
sanjeev@geroudis.com

**07. CHILE** - Colombara & Olmedo  
Joanna Heskia  
jheskia@cyo.cl  
56 2 651 5000  
www.cyo.cl

**08. GUATEMALA** - Carrillo y Asociados  
Alfonso Carrillo  
alfonso.carrillo@carrillolaw.com  
502 2421 5700  
www.carrillolaw.com

**09. PERU** - Benites, Forno & Ugaz  
Jose Ugaz  
jugaz@bfu.pe  
51 1 615 9090  
www.bdfu.com

**10. USA Florida** - Astigarraga Davis  
Edward H. Davis, Jr  
edavis@astidavis.com  
(305) 372-8282  
www.astidavis.com

**11. USA Missouri** - Husch Blackwell Sanders  
Christopher Redmond  
Christopher.Redmond@huschblackwell.com  
1 816 421 4800  
www.huschblackwell.com

**12. USA New York** - Kobre & Kim  
Michael S. Kim  
michael.kim@kobrekim.com  
212.488.1201  
www.kobrekim.com

**13. USA Texas** - Munsch Hardt Kopf & Harr, PC  
Joseph J. Wielebinski  
jwielebinski@munsch.com  
1 214 855 7500  
www.munsch.com

FraudNet also has member firms in the following jurisdictions:

Argentina	Singapore
Gibraltar	Switzerland
Malaysia	United Arab Emirates
Panama	