

Financial Crime Watch - May 2023

Fraud – early success for the SFO

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SFO secures first conviction for individual connected to Deferred Prosecution Agreement

On 4 April 2023, sentences totalling over 13 years were handed down to three executives behind the Balli Steel plc \$500m fraud.

Nasser Alaghband, CEO, received a custodial sentence of 6.5 years. Two senior executives received sentences of over three years each. A further defendant was acquitted.

The case

Balli Steel plc bought and sold steel worldwide, funded by short-term trade finance loans. The company collapsed in 2013 with debts around \$500 million to over 20 creditor banks.

The SFO's investigation revealed that two executives, Melis Erda and Louise Worsell, both of whom were convicted in February 2023, provided banks with misleading information, false shipping documents and fake sales contracts to support the company's borrowing.

Documents were certified by an in-house shipping company, which was registered in the Cayman Islands and operated purely by fax, via Balli's own offices in Marylebone. The court heard that the fraud had been orchestrated by Alaghband in an attempt to keep his company afloat.

It was reported that law enforcement agencies in 36 separate countries provided evidence and information, which the SFO described as a "record-breaking degree of international co-operation".

Enforcement

- The Balli Steel plc conviction marks the SFO's 5th successful individual conviction in the past year, resulting in a total so far of over 61 years of sentenced imprisonment handed down. Following a 20-week trial, it was revealed in court that the cost to the taxpayer was 'in the region of £2 million' whilst the cost of the SFO investigation surpassed £6m.
- This conviction closely followed the SFO's largest seizure of money from a single bank account. On 17 March 2023, the SFO retrieved over \$7.5 million from convicted money launderer, Mario Ildeu de Miranda, after an investigation uncovered that Miranda had funnelled the proceeds of crime using multiple international bank accounts. The SFO had frozen the UK bank account in August 2020 after having been alerted that the funds were linked to Miranda.

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