



## Motion “This house believes fraud will never be beaten”

### Speakers:

### Date:

Proposer: Nick Kochan, Author and journalist,  
Author of “The washing machine”

Monday Jan 8<sup>th</sup> 2007

Opposer: Stephen Edwards MBE, Serious Organised  
Crime Agency (SOCA)

This was the first debate of the year for FSclub members. Host Chris Skinner set the challenge by declaring that previous motions had not been carried. Would this be the first? At first glance it looks like a banker!

Nick Kochan opened the debate by declaring “fraud is eternal and would ever more be with us” in the style of a zealous preacher about to warn us about hell and eternal damnation. You are living in cloud cuckoo land if you think otherwise. Prisons are full of fraudsters and those are the ones we have bothered to catch. The perpetrators vary between the silly, clever, devious and hateful. Fraud covers the full gamut of humankind. Fraud is timeless. All types of members of society are tempted by fraud.

There are fraudsters everywhere and always have been, from those who tried to turn base metal into gold to Branch Vinedresser who faked a country off the coast of South America with faked government bonds well subscribed to by Americans. For those not familiar with the scam I have extracted some pertinent details.

The so-called Dominion of Melchizedek (hereinafter "DoM") is a fake nation which exists only in cyberspace, or in the literature and actions of the scam artists who perpetrate this fraud. There is no real Dominion of Melchizedek, but this doesn't stop the scammers from selling utterly worthless bank licenses for tens-of-thousands of dollars.

The DoM attempts to hold itself out as some sort of quasi-religious body, even to the point of having its own version of the Bible. But for all their self-righteousness, the truth is that the DoM not only commits fraud, but also materially facilitates the fraud of others by creating phony banks, stock exchanges, arbitration forums, etc., in an attempt to give some illusory legitimacy to criminals who are directly defrauding the public by way of pyramid-scheme bank debenture scams and other criminal schemes.

"William Barrett of Forbes magazine exposed Melchizedek in a January 1991 report titled 'Father of His Country,' which tracked the global dealings of the elusive Branch Vinedresser, also known as Mark Logan Pedley. Back then, 'ambassador' Vinedresser claimed to own the island of Malpelo, 300 miles off the Pacific coast of Colombia -- never mind that the island belongs to Colombia.

"After the Forbes report, Pedley landed in the hoosegow in California for parole violations. He had been a codefendant with his father, David, in a Mexican peso conversion swindle. Pedley Sr. had a record of four convictions, including stock fraud.

Why is fraud so persistent? Who is to blame; is it the fraudsters or greedy gullible investors. Greed is one of the seven deadly sins.

Getting rich the easy way is very seductive. Fraud is not that far away for many business practices especially if you have a clever lawyer. You are only a fraudster if you are caught. The Guinness gang mistake was to get caught. At that time lots of people were doing the same thing.

Why does it occur? It is because business encourages people to be acquisitive. Ernest Saunders wanted to be a member of the establishment so did Robert Maxwell.

Identity stealing has become prevalent today. It is iniquitous and it hurts individual people. You are mostly on your own with identity fraud. Fraud is not rated within the police generally as a crime to be solved. Success is hard to get and it is not a high profile political issue.

Steve Edwards from the e-crime directorate then spoke against the motion. He sees his approach as a harm reduction approach. He gave a military analogy that for much of last century people believed that world wars were here to stay but they have largely gone away and have become replaced by regional conflicts which although undesirable have far less widespread grief. Maybe we can do the same with fraud. We are in a new era. The world cannot now function without the internet; there is a world of openness. Internet has made a phenomenal impact on how the world has evolved recently. This has created a relatively untrodden domain where cyber crime is in the evolution of crime. Agencies are being created to combat cyber crime but so far many of their efforts are uncoordinated.

Steve gave examples of falling crime trends. Theft of a vehicle has declined due largely to efforts by manufactures to make vehicles harder to steal, but theft from a vehicle has increased. Burglary is dropping but attempted burglary is on the increase.

To counter the doubters, Steve then produced a quote from William James “we can achieve anything by changing out attitudes of mind”. A further example is that a generation ago bank robberies were common place, now they are unusual and bank staff has been able to go open plan talk to customers in comfort and not hide behind bullet proof glass. He then raised one of his main issues which is the extent to which policy makers are to blame rather than enforcement agencies.

Chief constables in a number of cases were turning their back on fraud cases as they had no desire to increase their crime book at a time when government wants to pressure for reduced crime statistics in key crime areas. Fraud is not one of them. Banks have largely given up trying to get the police to show interest in fraud. In some cases banks have produced all the evidence for cast iron cases of fraud only for a prosecution not to go ahead.

Fraud is easy to classify as civil debt.

There is a lot of internal fraud, with private data being stolen in order to facilitate fraud. If this internal problem was cracked there would be a big reduction.

When it came to the vote there was massive support for the motion – which as baldy stated could hardly be otherwise. When a modified motion was proposed suggesting we believed that fraud reduction would occur there was much more support probably a small majority which hopefully reflected the commitment that the banking representatives present believed their efforts should produce. I was with Nick in being left concerned by the lack of policy and political pressure to see fraud as a pervasive insidious cancer in society that has both short and long term harmful effects on maintaining balanced harmonious communities