

Police shut down £20m boiler room scam

By Nigel Morris

BBC London's Investigations Unit



One of Europe's largest boiler room frauds, in which hundreds of victims lost in excess of £20m, has been shut down by police.

City of London Police have arrested 12 people over the Christmas period in Sunderland and Manchester. A 28-year-old man was also arrested in Sweden.

Detectives had been looking at the alleged share fraud since the middle of 2009, in an investigation codenamed Operation Soundwave.

One of the companies named by police as being part of their inquiry is the London-based BFS Corporation, that claimed to be a world leader in the bio-fuels industry.

The BFS Corporation was struck-off and dissolved in November last year and had never traded.

John Middlemiss was one investor in BFS, who parted with £11,000 on 4,000 shares before he grew concerned about cold calls from BFS salesmen.

Mr Middlemiss, from Beckenham, on the south-east London/Kent border, paid over the money in February 2009 and was even sent share certificates.

He said: "You know I had so much bump from these people.. I got the brochure, a very impressive brochure telling you exactly what they're doing and yes, I was taken in by it."

But despite the investment the salesmen kept calling to encourage to invest more money.

BBC London recorded various calls with BFS salesmen and at one point they urged Mr Middlemiss to close a deal and buy an allocation of another 33,333 shares.

The salesman, from London, told John: "I will look after your investment - but you have to secure it.

"If I could come and walk down the bank with you now - I would. Get down the bank."

Mr Middlemiss turned down the offer but has still been left £11,000 out of pocket from the original investment.

Victims embarrassed

Det Ch Supt Stephen Head, from the City of London Police, said: "BFS seemed plausible, it seemed like a plausible company but in actual fact it's a complete sham.

"It's just a mechanism for cheating people out of their money.

"We've been able to seize assets around the world, we've got an international seizure order out, so that we will be able to do our very best to take away the assets from the people profiting from this kind of crime."

Like many crime victims Mr Middlemiss felt acutely embarrassed when he discovered he had been conned.

DCS Head said: "Make no mistake about it.. these are organised, serious criminal networks, they are targeting people who should have no shame in being the victims of these crimes, and I know that's a common phenomenon, if you will, people being ashamed.

"They should have no shame."

As part of their investigation City of London Police issued a world wide restraint which has allowed them to seize property and freeze bank accounts including one in Spain.

Those arrested in the UK have been released on police bail while a 28-year arrested in Sweden on suspicion of conspiracy to defraud and conspiracy to money launder remains in custody pending extradition proceedings.

If you would like to pass on information to police relating to the investigation you can email

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Published: 2010/01/12 17:09:01 GMT

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