

# Recent SFO cases

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# Kang Huang aka Gang Wang – the numbers

- Large-scale residential mortgage fraud on BNZ, ANZ and a third bank.
- The overall scheme involved 57 loan applications:
  - 110 separate property transactions
  - loans of approximately \$54 million
  - Most of the offending occurred from late 2011 to late 2013

# The scheme

- The participants provided false documents/information to the banks to support their applications for loans including:
  - Employment letters
  - Chinese bank statements
  - Deposits, purporting to be salary payments
  - Loan applications and/or false employment letters
- Once the loans were obtained, they were serviced by the offender's company rather than the named loan applicants.

# Key figures and their roles

- The developer (and his wife)
- The insiders
- The lawyer
- The banks

# Emily projects – the numbers

- Large scale commercial mortgage fraud on ANZ
  - Conduct took place between 2008 and 2010
  - Credit facility of \$41 million advanced
  - Represented that 80 fictional pre-sales had occurred in NZ and AUS and that corresponding deposits were held on trust.

# The scheme

- Emily Projects was a company formed to carry out the development of a twotowered serviced apartment complex in Auckland, called the Celestion.
- Financial institutions were only prepared to lend if there were a number of sale and purchase agreements in place.
- From about June 2008 onwards, representations regarding the level of pre-sales achieved were made to financiers, valuers, lawyers for the bank and bank officers themselves.
- Presented the Bank with forged sale and purchase agreements, forged acknowledgement of purchaser documents, and false representations regarding deposits.

# Key figures and their roles

- The developers
- The unwilling participants
- The lawyer
- The bank

# The real cost of this offending

- Huge scale
- Hidden risk to lenders
- Not so hidden costs to borrowers
- Effect on lending markets (commercial and residential)
- Impact on New Zealand's reputation



# Other issues

- The role of professionals in facilitating fraud
- The adequacy of New Zealand's fraud offence provisions
- Deterrence
- Cultural features
- The role of AI in detecting and prosecuting fraud
- The role of juries in complex fraud prosecutions