



# The organisation of mortgage frauds: an empirical insight into the social networks of organised crime groups involved in mortgage and property fraud in the UK

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## Abstract

This article examines the role of organised crime groups (OCGs) in the organisation and commission of mortgage and property related frauds. Whilst conventionally in criminological and policing studies, serious and organised crime has been associated with the commission of violent, gang and drug-related crimes, there is an increasing focus on the collective and facilitative role that motivated offenders and ‘professional enablers’ like lawyers and accountants have in the commission of financial crimes for gain. This article utilises case studies and social network analysis (SNA) of police-defined OCGs to identify the ties criminal actors have with other ‘members’ and broader connections. It considers causal agency and the social relations that exist within the OCG that support highly organised and sophisticated operational dynamics necessary to the commission and reproduction of organised fraud. In addition to a review of the current literature, empirical data was collected from regulatory enforcement proceedings, criminal prosecution files, trial transcripts, witness statements and interviews with law enforcement, regulators, victim-lender participants and lead members of mortgage and property fraud OCGs. SNA is used to show how members collectively share motivations to plan and co-ordinate criminal behaviour for financial gain, communicate and collaborate on both an ongoing enterprise and individual project basis, and how recruitment strategies, based on kinship, support resilience and the ability to reproduce organised fraud. Examining the social network of mortgage fraud OCGs, including biographies, roles, responsibilities of members, including professional enablers and straw persons and the ties and interactions between them, will assist in understanding mortgage fraud. In particular, they will show how these individual, proximal and causal factors fit within the broader, macro- crime facilitative environment in which mortgage and property related frauds are organised and are capable of being reproduced.

**Keywords** Financial crime · Mortgage and property fraud · Organised crime groups · Lawyers · Professional enablers

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## Introduction

This article examines the role of members of organised crime groups (OCGs) in the organisation and commission of mortgage and property related frauds. It examines their social networks and any hierarchical organisational structures to which they may sometimes belong. The *dramatis personae* include leading fraud roles, licensed professionals, and what we term ‘secondary members’ (or – to continue the analogy – minor roles), including straw persons (namely complicit individuals acting on behalf and for the benefit of another, normally the principal fraudster), who collaborate, offering services where required.

Through the SNA of qualitative and empirical data collected from OCG members, law enforcement, regulators and the victim-lenders, it will be demonstrated that these members form a highly organised and interactive crime group which meets the definition of an OCG in the UK, namely a “group of people working together on a continual basis to plan and co-ordinate criminal behaviour and conduct,” (HMICFRS 2022). Furthermore, the findings will establish how social interactions and ties amongst members provide structure and resilience to the OCG.

Targeting OCGs that plan, and co-ordinate serious economic and organised crime falls within the UK’s Home Office Serious and Economic Crime Strategy (UK Government 2023), though in this target-rich environment, there is much competition for very limited resources to investigate frauds and other OCG activities. Thus, targeting depends on the vetting team’s judgments about the relative socially constructed harm and ‘dangerousness’ of those considered for targeting and the procedural rules and criteria of Tasking units, about which little is public. In any event, there is a need for greater understanding of how these OCGs are constituted, how they operate and how members communicate, interact and collaborate with one another to achieve their fraudulent objectives.

The article will commence with an outline of what constitutes mortgage fraud in the UK property and lending markets and provide an overview of the relevant provisions of the Fraud Act 2006—the principal legislation now used to prosecute fraudsters in the UK—in addition to conspiracy to defraud, which is defined as “[a]n agreement by two or more by dishonesty to deprive a person of something which is his or to which he is or would be or might be entitled and an agreement by two or more by dishonesty to injure some proprietary right of his” (Scott v Met Police Comm, 1975, p.840). It will then consider how SNA can enhance criminological understanding by the application of social networking and causal agency amongst lead, professional and secondary members, that make up the organisational structure and membership of an economic crime OCG.

The article uses a multiple-case study research design to analyse three multi-million-pound mortgage fraud OCGs in the UK. The research design involves the analysis of data collected to examine the crime-commissioning processes of mortgage fraud, particularly within the context of those social networks existing amongst members, their biographies and their goal-orientated objectives. Whilst these OCGs may be smaller in membership than the traditional street-gang OCGs,

they remain highly focused on their criminal objectives, including working on an ongoing enterprise and a project basis, the latter by informal sub-agreement with secondary members. There are close familial and friendship relations in two of the three case studies, that provide both cost saving and loyalty that gives the OCG an added resilience against disruptive elements.

Finally, by establishing the commissioning roles and responsibilities of OCG members, cues for intervention and disruption can be identified to assist those tasked with fraud reduction, including victim lenders themselves. It can also assist in reducing the risk of future financial crises where mortgage fraud is a driver, as was evident in the subprime crisis in the US in 2007/08, identified by the Financial Crisis Inquiry Commission report as a contributory factor, as “[L]ax mortgage regulation and collapsing mortgage-lending standards and practices created conditions that were ripe for mortgage fraud” (FCIC 2011, p.187). Conversely, in the UK, the Parliamentary Select Committee’s reports into the Banking Crisis focused on market risk rather than fraud, notwithstanding evidence of systemic fraud across the sector and the regulator the Financial Services Authority (FSA) accepting that mortgage fraud was a contributory factor (Gilbert 2024).

## Mortgage and property fraud

Mortgage and property fraud prospers in neo-liberal societies where homeownership is valued, where rising property prices and interest rates restrict widespread availability, and where lenders transact in highly competitive financial markets (Bradshaw 2006). It includes fraud-for-property where applicants share dispositions to compete for the family home in the desired school catchment area and where fraud is “the last thing on the mind of purchasers who are getting a once in a lifetime chance” (ibid p.289). It can also be organised in nature, where the focus is the cynical exploitation of fault lines within the mortgage lending process to illicitly expand property portfolios and increase value or to generate and launder cash to sustain a criminal lifestyle. Accordingly, opinion as to what conduct constitutes mortgage fraud yields an “eclectic portrait, with persons from all walks of life implicated as perpetrators and with significant complicity among industry professionals” (Fulmer et al. 2017, p.554).

Mortgage fraud can be succinctly defined as the obtaining of mortgage advances on properties through fraudulent misstatements. The seminal study of mortgage fraud in the UK was undertaken by Clarke (1991) in the aftermath of the property boom and bust of the late 1980 s that exposed high levels of fraud.<sup>1</sup> Clarke identified two broad classifications of mortgage fraud, namely status and property fraud, where the former involved misleading the lender as to the financial position of the applicant, and where the latter involves misrepresenting the property’s value

<sup>1</sup> A former Detective Inspector of the Economic Crime Department at the City of London Police interviewed recalled his time investigating a high volume of mortgage fraud cases in the late 1980 s and said, “we went from having virtually zero mortgage frauds to suddenly floor to ceiling stacked with cases”.

or characteristics. The Federal Bureau of Investigation identifies mortgage fraud as either fraud-for-property and fraud-for-profit cases (FBI n.d.). The former is relevant to the one-off commission to support illicit homeownership, which can involve complicit industry professionals who become what we term ‘repeat enablers’ (for fees for themselves); whilst the latter is relevant to highly reproductive schemes where illicit profit and portfolio ownership is the goal-orientated objective and where there exists higher levels of dishonesty and complicity amongst organisers (FinCEN 2006, 2009; FCIC 2011; FSA 2011).

In the UK, the Fraud Act 2006 is the primary legislation used to prosecute mortgage and property fraud and focuses on the defendant’s conduct, specifically where they have committed fraud by misrepresentation, by failure to disclose, or by abuse of their position. Fraud by misrepresentation (section 2) involves the defendant lying or making unverified statements in the mortgage application, dishonestly. The criminal intent is to make a gain, to cause loss or to expose another to the risk of loss.

Fraud by failing to disclose (section 3) involves the defendant not telling the whole truth where there is a legal duty to disclose, dishonestly intending, by that failure, to make a gain or cause a loss. In the context of mortgage fraud, this includes two principal circumstances. Firstly, where there is a legal or contractual duty to do so and the applicant fails to disclose to the lender material information, such as evidence about their creditworthiness, including credit card and personal loan debt. Secondly, where professionals—including brokers, valuers, accountants and lawyers—all of whom have fiduciary relationship with the lender to act in the utmost good faith but deliberately fail to disclose their conflicts of interest.

Fraud by abuse of position (section 4) will also apply to professionals where they fail to safeguard the financial interests of the lender or act against them. Again, prosecutors would need to prove that they acted dishonestly, intending to make a gain or cause a loss. Finally, and for completeness, sections 6 and 7 applies to the making, supplying or possession of articles for the use in fraud. Articles relevant to mortgage fraud would include forged and falsified identity documents, including passports and driving licences; bank and credit card statements and utility bills; wage slips and annual tax returns. These articles are all relevant to the *modus operandi* of the members in the OCGs discussed below.

## Social networks in mortgage and property fraud OCGs

Even amongst those who are sceptical about the social construction of organised crime, social network theory considers social relationships as nodes and ties (Morselli 2009), helping us understand the formation, development and expansion of OCGs (Hardy and Bell 2020; Oatley and Crick 2015). Analysis will identify how lead members organise and coordinate activities and instruct other members, whether professional or supporting, to undertake their role and responsibilities that

are necessary to achieve the fraudulent objective. These findings can be used to enhance understanding of the crime-commissioning processes of the mortgage fraud script (Gilbert 2024).

This study applied SNA to three multi-million-pound mortgage fraud conspiracies, codenamed by law enforcement as Operations Opal, Aztec<sup>2</sup> and Cassandra, that operated at varying periods in England and Wales between 2003 to 2013. They each provide an exemplification of a mortgage fraud conspiracy and collectively identify OCG membership and interpret and visualise social ties amongst members to determine the social and organisational structure, behaviours and influences, and the roles, responsibilities and activities of members of the OCG where clustering identified lead, professional and supporting members, particularly in cases of bifurcation and sub-groups or cliques.

Some commentators have raised questions as to the accuracy, validity and reliability of criminal justice records in SNA, particularly as the boundaries of the network, including sub-networks, as determined by law enforcement and prosecution agencies, may not correspond with ‘true’ scale of the OCG (Bright et al. 2021). Accordingly, triangulation with other data, including here semi-structured interviews with fraud actors, victims of mortgage and property fraud, regulatory enforcement files (although they arguably share similar limitations to criminal justice records), media reports and observational and ethnographic techniques (or auto-ethnographic in the case of the first author) can improve accuracy, validity and reliability (ibid; Chattoe and Hamill 2005).

Conceptualising mortgage fraud OCGs as networks assists in identifying the organisational structure and those closely and loosely affiliated group of members and sub-members that aim to defraud mortgage lenders. For example, hierarchical structures that are flexible and autonomous provide levels of coordination amongst members, whilst the role and experience of lead members allied with effective communication and internal direction supports cohesion amongst others (Hardy and Bell 2020). Both the Cassandra and Aztec OCGs among our case studies evidenced network cohesion as members, including sub-groups, enjoyed familial and friendship cliques, which supported secrecy and concealment via the greater loyalty that kinship provided. Recruitment also relied on pre-existing social ties, particularly when replacing professional members. It was these factors that provided both OCGs with added strength and resilience to counteract disruptive influences (Morselli and Giguere 2006).

The distinction between financial crime OCGs and the more common street crime OCGs is the need of the former for a more efficient communication network and task coordination structure, so that lead, professional and supporting members can orchestrate their roles and responsibilities to mirror a legitimate property and mortgage transaction. This is a trade-off between efficiency and concealment, high secrecy being harder to detect but making it harder to conduct business (Faust and Tita 2024).

<sup>2</sup> The operational codenames of both Opal and Aztec have been changed as members of each OCG were participants in the study.

The social network of a mortgage and property fraud OCG includes members, ranging from lead, to professional and supporting members and the ties they have to one another and other sub-members that may be recruited on a project basis or by way of sub-groups or networks. Once the members and their ties with one another have been identified, it is necessary to consider the content of the ties or relations. These ties can be distinguished between short-term relational events, such as a broker receiving a falsified payslip or bank statement, to more enduring ties, such as the dyadic interactions between lead members that exist over an extended period and can be examined alongside the interactions with supporting and professional members (*ibid*).

Visualisation techniques can identify which members are more central to the OCG (commonly those considered lead actors by law enforcement), and members who are peripheral, albeit supporting the fraudulent objectives of the group. Network centralisation was used in the case study analysis to identify lead members. By example, and as will be demonstrated through SNA, the Cassandra OCG demonstrated a star network, with Entwistle the lead and central member, to those identified on the periphery: this has been found to increase efficiency, with centralised control over resource and recruitment, supporting a hierarchical organisational structure (Morselli 2009; Faust and Tita 2024).

Furthermore, the number of nodes, or members, and the number of ties, or relations, to other supporting and professional members, represent the size of the OCG. Criminal justice data can inadvertently truncate networks by their focus on those members investigated and prosecuted, neglecting many others and also activities by those prosecuted that are harder to prove or are deemed unnecessary in a cost-conscious climate. This was evident in both the Opal and Aztec OCGs, where mortgage applicants were complicit and other professional and supporting members were not prosecuted, but in some cases acted as trial witnesses against those members who were indicted. This incompleteness impacts reliability and validity of network analyses.

Furthermore, dark or criminal networks rely on existing or dormant ties with members to plan responses or reactions to counter disruptive elements. However, this is not always operationally possible; therefore, there needs to be elasticity and adaptability within the OCG to respond or react. Organised frauds can also operate in the same way as a Ponzi scheme, as in Cassandra, where mortgage advances are spent on monthly interest payments and mortgage redemptions to keep the illusion going. Studies of the Madoff investment fraud Ponzi scheme identified how extensive abuses of trust, regulatory lapses and the complex structure of the scheme supported longevity, notwithstanding multiple red flags (Hardy and Bell 2020). It is longevity in offending that demonstrates a resilient network and efficiencies in social interactions amongst members and non-members of legitimate networks, as was evident in each of the case studies (van de Bunt 2010; Nash et al. 2013). It also identifies how segmentation within the organisational system can assist in dealing with exogenous environmental factors and where coordination and effective communication amongst members is necessary to deal with any external shocks, such as Madoff's 2005 liquidity crisis (Arvedlund 2009; Markopolis 2010). Both Cassandra and Aztec were similarly impacted by

credit shrinkage following the financial crisis that required increasingly resourceful (and deceitful) measures to keep the OCG operational.

Mortgage and property fraud OCGs that operate in challenging and competitive financial environments require network resilience to support commission and reproduction. Resilience relates to the OCG's stability and ability to maintain network operationalisation when faced with disruptive elements, such as fraud prevention markers and a lead member's creditworthiness. Understanding resilience assists in identifying vulnerabilities within the OCG that can assist in fraud reduction through disruption. By example, there were exogenous shocks that threatened each OCG at earlier stages of offending. This included liquidity crises that impacted recycling fraudulent loans in both Aztec and Cassandra, and the necessity to recruit a replacement professional member to deal with the suspension from the panel and removal of authorised professional status of an existing member in each case. Furthermore, in 2005, the Cassandra OCG suffered a near fatal exogenous shock when the UK Solicitors Regulation Authority carried out an investigation into Gilbert's law firm and identified several client files involving Entwistle that might have put a stop to the frauds, although investigators subsequently failed to widen the remit of their investigation.

Moreover, complex financial crime involves the social organisation of perpetrators within both legitimate and illegitimate networks (Morselli 2009), and mortgage fraud OCGs can oscillate between the two to achieve their objectives. Lead members of each of the OCGs analysed initially utilised legitimate networks and alternated from the legitimate to the illegitimate where required. As Kleemans and Van de Bunt (2008) noted more generally, this gave the OCG commercial respectability which supported reproduction, whilst providing added resilience and valuable intelligence to assist subsequent victim targeting techniques.

## Organised fraud: OCG members within the mortgage fraud script

Mortgage fraud is *organised* in nature and is incentivised and facilitated by the misuse of otherwise legitimate business structures (Lord et al. 2018). Middleton and Levi's (2005) study of lawyer involvement in organised crime through the analysis of prosecution and regulatory enforcement files, concluded that mortgage fraud is capable of being highly *organised*, particularly as it "takes place over a period of time and involves a group of people" (p.147). Offending periods lasted several years involving multiple actors. Additionally, in two cases, their existing strong personal and familial relations strengthened social bonds and supported resilience against disruptive elements that ultimately supported the continued reproduction of fraudulent mortgage applications at significant scale. Furthermore, though 'organised fraudsters' are seldom classified as 'OCGs' by law enforcement (HMICFRS 2021; Crown Prosecution Service 2025), investigators and prosecutors considered that all these offenders and their criminal activities fell within the definition of an OCG, and – crucially for their entry into the dataset—they also had capacity at that time to deal with them.



Whilst the crime facilitative environment in which mortgage fraud operates is an important basis from which to consider the organisation of mortgage fraud, there is also a need to consider agency factors, particularly the social setting from where personal networks and social opportunities foster human and social capital (Edwards and Levi 2008; von Lampe 2009; Levi 2015). It is this social opportunity structure and the social ties it requires that provide access to crime (Kleemans and de Poot 2008). Furthermore, the examination of the individual and proximal social interactions and setting can assist understanding how members are enlisted to the OCG and importantly, how previously *clean* professional actors are recruited (Button et al. 2018; Nguyen and Pontell 2010; Middleton and Levi 2015; May and Bhardwa 2018). This is a necessary condition required to support reproduction, as there is a need to sustain an enduring structure within the OCG through recruitment and processes of *accomplice regeneration* (Levi 2008).

Routine activities theory and crime scripts have become a more accepted way to consider the organisation of complex economic crime (Cornish and Clarke 2002; Levi and Maguire 2004; Ekblom and Gill 2016). Research has shown that social networking practices and decision-making play crucial roles in goal-oriented commissioning processes related to criminal activities of OCG members. These studies have focused on how criminal action interacts with the immediate environment and how organisational and entrepreneurial factors amongst members support manipulative behaviours that become routine and embedded in the regular roles and responsibilities of these members' employment (Chiu et al. 2011, Kennedy et al. 2018, Jordanoska and Lord 2019).

Script analysis of the micro-, individual-level offers empirical understanding of the roles and responsibilities of OCG members that service the crime-commissioning processes of mortgage fraud. These processes, the schemata of the script, can be set within the wider context of those macro-, dispositional and facilitative conditions that support reproduction or disruption (Gilbert 2024). Furthermore, a script approach captures the commissioning process rather than an isolated event, such as victim targeting. An initial schema for a prototypical mortgage fraud would involve pre-application planning, property and victim targeting by lead members and delegation of roles and responsibilities, such as the falsification of documentation, to professional and secondary members.

These tasks are all reliant on social networks, causal agency and interactions amongst members where roles and responsibilities are considered and then delegated and where secondary members, such as straw persons and additional professional members, who are not already engaged, are recruited. It is these social interactions and settings, particularly the deployment, reemployment and recruitment, whether on a permanent or a temporary project basis, that creates a malleable hierarchical organisational structure, which supports the OCG's activities, particularly its adaptability which provides resilience against disruptive elements.

Furthermore, the control or reduction of financial crime is dependent on understanding the commissioning processes within opportunity structures, and the most appropriate method to identify cues for intervention is through case study analysis (Benson et al. 2009). This is pertinent in the case of OCGs operating mortgage and property fraud schemes, particularly as the illegitimate practices of the brokers, lawyers, accountants



et cetera parallel the legitimate practices of their respective professions and the identification of those parasitical opportunities within these social interactions is essential to regulators and those tasked with fraud reduction. Clarke (1991: 58) identified the facilitating role of professional enablers recruited by fraudsters to increase victimisation rates, predicting that it would ultimately lead to “contamination of the professions” (see also Middleton and Levi 2015).

Finally, there have been international studies that has connected mortgage fraud to urban degeneration and OCG criminality in the Netherlands (van Gestel 2010), and OCG involvement in mortgage fraud in Canada (Tusikov 2008), which has been the focus of law enforcement interest, most notably the FBI in the US (FinCEN 2009). However, these studies identified poly-criminal OCGs, where the predicate offences and the primary focus of prosecutors was drug trafficking, extortion and prostitution and where mortgage fraud was commissioned distinctly, and commonly in conjunction with laundering the proceeds of these crimes (Gilbert 2021): this is a very different context from the mortgage fraud specialised OCGs here.

## Methodology

This study utilises a multiple-case study research design to analyse three multi-million-pound mortgage and property fraud OCGs. This design involves the examination of the crime-commissioning processes of mortgage fraud through the social networks and causal agency of participating actors that constituted the membership of each OCG. The first, Operation Opal, operated between 2009 and 2013 involving multiple members, including sub-agreements with others, and valued at £10,500,000. The second, Operation Aztec, operated between 2003 and 2011 involving multiple members, including straw persons, and valued at more than £5million. The third, Operation Cassandra, operated between 2005 and 2009, involving a wider range of professional members and valued at more than £36million, at historic prices. The first author acted as criminally aware lawyer to the lead actor in this OCG and consequently can lend (pun intended) *de Profundis* experience and auto-ethnographic insight into the social interactions and roles and responsibilities amongst actors.

Data was collected from prosecution case files, extensive witness and documentary evidence; interviews with both members of OCGs ( $n = 15$ ), and preventers, including law enforcement personnel ( $n = 12$ , including the senior investigating officer in each of the cases), lenders ( $n = 13$ ), regulators and fraud prevention agencies ( $n = 9$ , total  $n = 49$ ). Additional data was collected from the regulatory bodies of those professions that are involved with property and mortgages, including the Financial Services Authority (FSA), superseded by the Financial Conduct Authority (FCA), the Solicitors Regulation Authority (SRA) and the Institute of Chartered Accountants in England and Wales (ICAEW). Regulatory data has been used in multiple studies, albeit specific to lawyer regulation and misconduct (Abel 2008, 2010; Boon and Whyte 2012; Boon et al. 2013; Middleton and Levi 2015).

## Mortgage and property fraud OCGs

### Operation Opal

The fraud involved the misrepresentation of applicants' income in mortgage applications and the production and the submission of false income information and documentation to the targeted lender. Gray and Miller were lead members, and they were the common thread between all other members.<sup>3</sup> Gray had previously worked as a Business Development Manager at Santander PLC. Miller held a Certificate in Mortgage Advice and Practice (CeMap), the recognised qualification for being a mortgage adviser and meeting the FCA's examination standards to act as a regulated independent mortgage adviser authorised to give mortgage advice. There existed relatively enduring ties and dyadic interactions between them throughout the offending period, which lasted from 2009 to 2013.<sup>4</sup> The prosecution case describes a wide agreement between the lead members and Brown, with whom Gray corresponded and issued instructions. It also describes 'sub-agreements', where they assisted secondary members who introduced applicants to them. These sub-agreements constituted loosely affiliated sub-groups or clusters and involved at least four supporting members. The sub-groups lacked the cohesion that existed in the main group between the lead members and Brown, where there was evidence of efficiency, effective communication and internal direction.

Baldwin was CeMap qualified, a regulated independent mortgage adviser, and was recruited through pre-existing social ties he had with Gray. Short-term relational ties existed between Gray, Miller and Baldwin, although they did transact on a project basis on number of occasions, including for Baldwin's personal benefit. Baldwin's membership was essential to ongoing operations due to Miller's panel and regulatory suspension. The main group of members were cohesive and durable.

Brown worked as a sole practitioner accountant and a member of the Institute of Financial Accountants. Baldwin and Price, who was not CeMap qualified and was a mortgage introducer, by way of a sub-agreement, also used the services of Miller and Gray on a project basis to process fraudulent mortgage applications. As too did Mistry, who was himself CeMap qualified but not FSA or FCA approved. Miah operated as an associate member of the Certified Public Accountants Association and was used as a false employer in several fraudulent mortgage application.

The prosecution asserted that the fraud over that period comprised of at least 80 fraudulent mortgage applications, of which more than £5,500,000 completed and £5 million did not. The fraud was identified in 2012 following concerns raised by Santander bank in connection with applications originating from Mistry: this demonstrates a lack of cohesion and durability within the subgroups and more risky behaviour by one imperilling the others. There is also evidence of several peripheral

<sup>3</sup> The identities of all the actors in Operation Oyster and Azure have been anonymised as several participated in this study.

<sup>4</sup> It is important to note that offending periods are based upon law enforcement investigations and prosecution parameters, accordingly, these dyadic interactions could have extended beyond this period.

members, notably colleagues of Baldwin and Mistry, who were instructed to process fraudulent mortgages. Additionally, Miller, Brown and Baldwin stated at interviews that all mortgage applicants, including within the sub-groups, were aware of fraudulent misstatements and false documents in their mortgage applications; accordingly, they would constitute peripheral members interacting on a project basis.

The police investigation into the fraud lasted six years. Of the seven known members Gray, Price, Mistry, and Miah pleaded guilty. The remaining three members Miller, Brown and Baldwin ran an eight-week trial culminating in their conviction on 4th January 2018. They were all subject to confiscation proceedings under the Proceeds of Crime Act 2002 (POCA), and Serious Crime Prevention Orders under the Serious Crime Prevention Act 2015. The sentencing ranges handed down following trial are set out in Table 1 below.

## Operation Aztec

Prosecutors argued that the lead members were involved in an audacious, systematic and very large-scale financial fraud, committed over a prolonged period. The trial judge at sentencing said that he was satisfied that the fraud was fuelled not by economic necessity but by greed. The fraud operated by stealing and inventing identities, setting up dummy companies and falsifying documents to obtain fraudulent mortgages. The members in the fraud submitted a “dizzying number” of mortgage applications for properties across South Wales.

Powell and Carter were the lead members. Powell purported to be a property developer and went by the name of Williams, changing his name by deed poll and applying for and obtaining a new passport as photo identification on each occasion. Carter also purported to be a property developer and did build some properties in conjunction with a local builder, whose company was named as the vendor in some of the fraudulent mortgage applications and who assisted with depositing cash in bank accounts to raise deposit funds. Carter had various aliases, again generated by deed poll. Carter was involved in several limited companies with Powell which never formally traded but were used to produce false payslips and P60s to verify earning capacity and achieve mortgage loans for properties for themselves and four supporting members, who acted as straw persons. Powell and Carter had access to mortgage underwriting software used by lenders to determine how much would be lent to an applicant based upon their stated income.

There existed relatively enduring ties and dyadic interactions between Powell and Carter throughout the offending period, which lasted from 2003 and 2011. At the outset of the fraud, the lead members made illicit gains through the rise in the property market by obtaining mortgages using false documentation and fictitious employers. After the financial crash they sought to profit by defaulting on mortgages and buying back properties cheaply from the victim lender at auction after undermining the sale price with false land disputes. Accordingly, there was evidence of efficiency, effective communication and centralised control over resource and resilience. There was also evidence of ongoing adaptability by the OCG to navigate obstacles. However, their post financial crash activities became riskier and more

susceptible to disruption, as Powell's marker on the not-for-profit industry fraud prevention CIFAS database indicated, which prevented him from applying for mortgages in his own name for a period of time.

Jones was a Financial Services Agency-registered independent financial adviser who initially acted for Powell with legitimate mortgage applications prior to 2003. He was recruited to the OCG through these pre-existing social ties and acted mainly on a short-term relational or project basis until 2008. Jones was not a central member, but neither was he peripheral due to his importance to the OCG. Jones was paid in cash to facilitate fraudulent applications.

Dawson—an estate agent and Carter's romantic partner—was “prevailed upon” to join the OCG and to assist in the fraud. Williams, Powell's mother, Roberts (the long-term partner of Powell's father) and Webb, an acquaintance, were all recruited to the OCG and used as straw persons in multiple fraudulent applications. These sub-groups corresponded with the lead members through kinship social relations and remained somewhat independent: Powell and Carter separately coordinated operations, directed and supervised activities. These familial and friendship cliques supported cohesion and resilience. They were also effective in planning responses and reactions to counter disruptive elements.

The fraudulent conspiracy was valued at £5million. The fraud was uncovered in October 2008 due to suspicions raised against Jones by a colleague of his. The subsequent police investigation spanned eight years culminating, in twenty-one members and alleged members, being arrested and/or interviewed under caution between July 2011 and October 2013. Of those members, Powell and Jones pleaded guilty to five counts of conspiracy to defraud. Jones also pleaded guilty to one count of fraud. Dawson pleaded guilty to one count of conspiracy. The remaining members, Carter, Williams, Roberts and Webb all ran a trial. Carter was convicted of two counts of conspiracy, two counts of fraud and one count of obtaining money by deception. Williams was acquitted. Roberts and Webb had a hung jury (who could not decide on guilt) and were not subsequently retried. Powell was also reported as receiving a £400,000 confiscation order under POCA 2002, and Carter one for £1 million. The sentencing ranges handed down following trial on the 18th December 2014 are set out in Table 2 below.

## Operation Cassandra

The prosecution case describes how Mark Entwistle, a Virgin Airways captain at the time, combined with other members of the OCG, to conduct a “sophisticated, repeated fraud against lending institutions”.<sup>5</sup> The original indictment comprised twenty-six counts, although two, involving two further sub-members—Demi Charalambous and George Tilemachou—were subsequently removed from it. His Honour Judge Beddoe in his sentencing remarks said that it was “very

<sup>5</sup> Prosecution opening p.2.

**Table 1** Sentencing range-operation Opal

| Defendant | Sentence length  |
|-----------|------------------|
| Gray      | 3 years 9 months |
| Miller    | 5 years 6 months |
| Brown     | 5 years          |
| Price     | 2 years 2 months |
| Baldwin   | 4 years          |
| Mistry    | 2 years 9 months |
| Miah      | 2 years 5 months |

well-orchestrated, professional offending over a long period of time, using and abusing the identities of others.”<sup>6</sup>

Initially, Entwistle raised mortgage funding to buy and develop property to sell at a profit. He did so successfully for a period. His legitimate portfolio prior to the fraud was valued at around £16 million. The fraud entailed borrowing against properties within Entwistle’s portfolio or against properties that he was acquiring for redevelopment within the Rigsby Group of companies he controlled. This practice utilised the portfolio as a means of submitting multiple mortgage applications against individual properties (otherwise known as ‘double parking’) or by splitting titles and providing security over significantly less property than the victim lender anticipated. The funds advanced by lenders were then widely used for purposes other than those specified in the mortgage applications or as represented by solicitor Gilbert prior to drawdown.

Entwistle was the lead member and had social and reputational status as a property developer and landlord, that assisted him in creating both legitimate and illegitimate social ties across the sector. He was an effective communicator and strategist and was initially efficient in his activities, exercising centralised control over resource and recruitment. Gilbert, a lawyer, who became his friend, was an essential professional member of the OCG in a position of authority and trust as a licensed professional. He acted for both Entwistle and the lender in most instances and Gilbert disbursed the funds received from the victim lenders as directed by Entwistle. There existed relatively enduring ties and dyadic interactions between Entwistle and Gilbert throughout the offending period, which lasted from 2005 and 2009.<sup>7</sup> There was between 2005 and 2006 cohesion and resilience within the OCG; however, from 2007 due to financial and liquidity challenges as a result of the financial crisis in the UK, vulnerabilities within the network and exposure to disruptive elements became evident.

<sup>6</sup> His Honour Judge Beddoe sentencing remarks 21 st July 2014.

<sup>7</sup> Gilbert states that offending prior to 2005, although the police investigation commenced from that point. Additionally, there were other professional and supporting members of the OCG prior to 2005 and after. Accordingly, there is a higher number of nodes and ties that would represent a larger OCG than was represented at trial.

**Table 2** Sentencing range-operation Aztec

| Defendant | Sentence length  |
|-----------|--|
| Carter    | 8 years  |
| Powell    | 6 years  |
| Jones     | 3 years 4 months                                       |
| Dawson    | 1 year suspended for<br>2 years + 200 h unpaid<br>work |

Matthew Robinson was also a friend of Entwistle and shared existing or dormant ties with him and with Gilbert. He was director and owner of property finance company and appointed representative of Pink Home Loans, a firm responsible for their regulated activity. As such, Robinson used his professional status to contribute to the fraud and had access to mortgage software system to assist with victim targeting. He submitted fraudulent mortgage applications for Entwistle in Entwistle's brother Peter's name for Mark Entwistle's benefit. Robinson and Entwistle also faced a count of conspiring to launder criminal property, of which they were both convicted. Robinson's social ties with the OCG were momentary relational, where he acted on a project basis between 2007 and 2009.<sup>8</sup>

Nicholas Pomroy was a chartered accountant and member of the ICAEW and was entrusted to provide false income and financial information on behalf of Entwistle. He had been the Rigsby Group's accountant and was also a friend of Entwistle. He provided false accounting information for Philip Barker on several applications made in Barker's name for Entwistle's benefit. He was also named as accountant for Barker and for Peter Entwistle in several fraudulent applications. Pomroy's social ties with the OCG were momentary relational, where he acted on a project basis throughout the offending period.

Barker was Entwistle's closest friend and allowed mortgage applications to be made in his name for Entwistle's benefit, with the assistance of Pomroy. The kinship clique supported secrecy and concealment which provided some resilience to the OCG; however, this was subsequently weakened due to the demands the OCG placed on Barker because of Peter Entwistle's departure as straw person. Barker's social ties with the OCG were momentary relational, where he acted on a project basis, on request by Entwistle, through the latter stages of the offending period. These familial and friendship cliques supported cohesion and resilience. They were also effective in planning responses and reactions to counter disruptive elements. Barker was acquitted at trial by a jury of all counts against him.

Shon Williams was an associate director of business development at RBS and faced one count on the indictment relating to alleged corrupt payments received from Entwistle. William's social ties with the OCG were momentary relational, where he acted on a project basis when loan applications were being made to Royal

<sup>8</sup> Entwistle had previously used the services of another mortgage broker who was a member of the OCG but who fell outside prosecution parameters.

Bank of Scotland plc (RBS)/NatWest, throughout the offending period. Williams was acquitted at trial.

Gilbert was the only member to plead guilty to most counts against him at the commencement of the trial in January 2014. The members who were convicted, including Gilbert, were sentenced in July 2014. The sentencing ranges handed down are set out in Table 3. The prosecution valued the fraud at £36 million over an offending period of approximately 4½ years. The principal victim was the RBS, which lost £14 million. There was wide media interest in the case.<sup>9</sup>

### Social networking analysis of OCG membership

All three case studies comprise multi-million-pound mortgage fraud OCG conspiracies that involved multiple fraudulent applications, across a wide range of properties, targeting a broad range of lenders and extending over a prolonged period of time, between four and eight years according to the indictments. This establishes that multitudinous conditions and factors repeatedly supported the reproduction of mortgage fraud by OCG members, notwithstanding conditions and measures aimed at disruption.<sup>10</sup> In Cassandra and Aztec there was a greater need for resilience and adaptability amongst lead and professional members to sustain reproduction, which resulted in improvisations to the mortgage fraud script (Gilbert 2024). There were distinctions, as the Opal OCG operated a prototypical fraud-for-property conspiracy, albeit illicitly serviced by lead and professional members, whereas the Cassandra and Aztec OCGs were distinctive fraud-for-profit conspiracies, where shared dispositions amongst members involved roles and responsibilities that involved a higher level of deceit and criminality that included obfuscation to avoid disruption, which supported reproduction.

There were principally three key functional clusters within each OCG, as shown in Figs. 1, 2, 3. These consisted, the lead members, professional members and support members, the latter including supporting members within primary and subgroups. All members were goal-orientated in that they undertook their role and responsibilities to commission and reproduce mortgage fraud. Across the three cases, lead members shared dispositions to defraud lenders, avoid disruption and effect reproduction, by whatever means available.

Each OCG included two motivated lead members responsible for orchestrating and managing the fraud and communicating, supervising and delegating tasks to professional and supporting members.<sup>11</sup> There existed relatively enduring ties and dyadic interactions between lead members in each OCG, throughout the respective

<sup>9</sup> <https://www.dailymail.co.uk/news/article-2791254/virgin-atlantic-pilot-blew-prodigious-sums-las-vegas-casinos-masterminding-30m-mortgage-fraud-jailed-14-years.html>  
<https://www.bbc.co.uk/news/uk-england-berkshire-29605167>

<sup>10</sup> Notably, investigators in each case also advised that the scale and value of the indictments was lower than the actual extent of victimisation. This was due to investigatory and prosecution parameters set to ensure that indictments did not become over-cumbersome and threaten the viability of successful prosecution.

<sup>11</sup> Gilbert's role in Cassandra evolved from one of enabler to subsequently a leading role.



**Table 3** Sentencing range-operation Cassandra

| Defendant    | Sentence length |
|--------------|-----------------|
| Entwistle    | 14 years        |
| Gilbert      | 12 years        |
| Barker       | Acquitted       |
| Robinson     | 5 years         |
| Pomroy       | 3 years         |
| Williams     | Acquitted       |
| Charalambous | Acquitted       |
| Tilemachou   | Acquitted       |

offending period. These lead members utilised their knowledge and experience of the property and mortgage market to inform their approach to the fraud. Similar features across the three cases included specific knowledge of the mortgage application process, particularly an awareness of lending criteria and underwriting protocols. Victim targeting techniques were identified in all three OCGs, where lenders exposed to deficient underwriting procedures and/or inadequate fraud prevention protocols, were victimised. According to the indictments, Opal targeted seven lenders, Aztec eleven and Cassandra fifteen. The three OCGs varied in size and can be calculated by way of the number of nodes (members) and ties. Arguably, Cassandra was the largest, followed by Opal and Aztec. However, the multiple mortgage applicants in Opal who were peripheral members and who engaged with the OCG on an individual project basis would have been the largest if participant numbers had been the metric for calculation.

Social ties between lead and professional members were supported by effective communication and efficiency in undertaking their respective ‘professional’ activities. There were however differences in the mode of communication, ranging from mobile text and email to personal meetings and social gatherings. For example, in Opal, short emails between lead and supporting members included Brown advising Gray that his instruction was “too risky”; in another, Gray instructed Miller to “use my guy [Brown]”. This demonstrated efficiencies in communication and delegation, and control and management by lead members, particularly as Brown lived remotely in West Wales. By further example, in Cassandra, in addition to text messages and emails, Entwistle would use hospitality events to gather members together to orchestrate operations and ensure network cohesion through kinship and reward. He also provided Gilbert and his colleagues with a hot desk at his Windsor headquarters, which supported operational activities and concealment.

In all three cases, lead members recruited professional members to facilitate mortgage and property fraud. They relied on social ties to professionals, from both legitimate and illegitimate networks, who were either willing to be complicit in fraud or where they believed they were capable of being corrupted. Brokers were necessary to each case. Accountants were contingent, but necessary in Opal and Cassandra for mortgage applications that required income certificates and/or financial accounts, rather than easily falsified payslips and P60 tax certificates. There was no indication

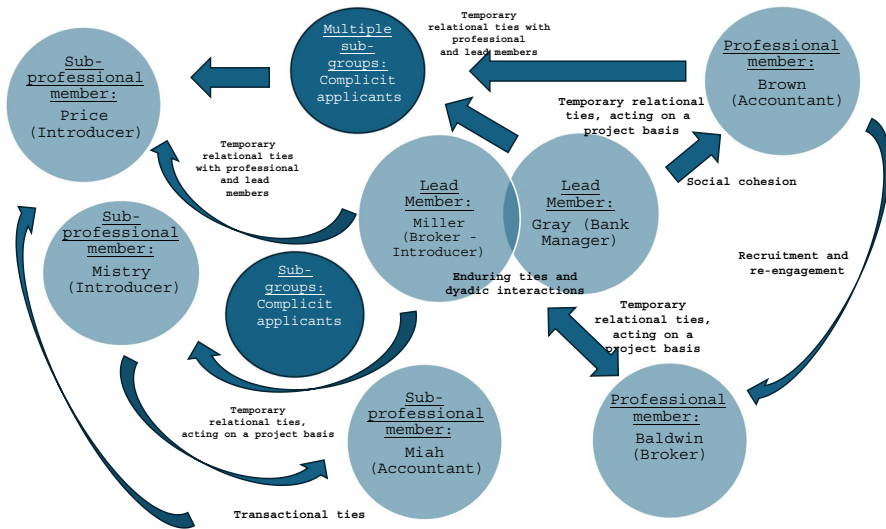


Fig. 1 Visualisation diagram – Operation Opal

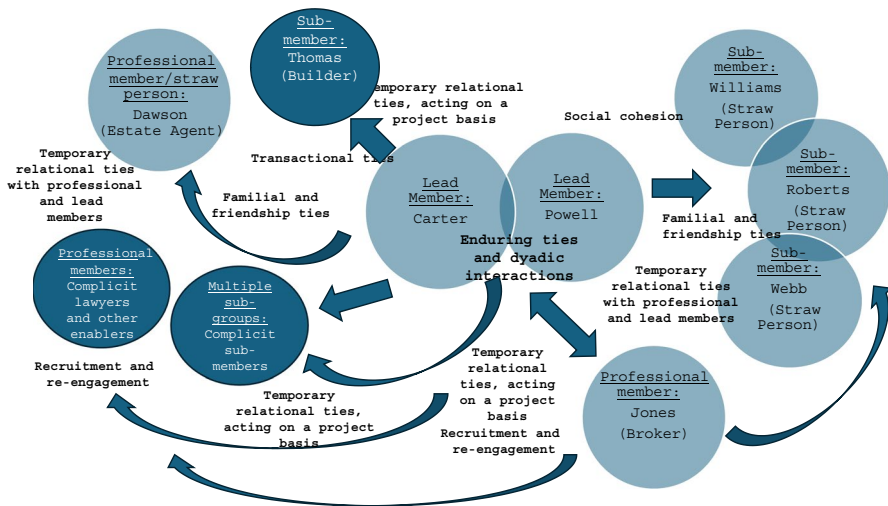


Fig. 2 Visualisation diagram – Operation Azure

of complicity with lawyers or valuers in Opal, which renders their involvement in fraud-for-property cases, either unnecessary or contingent.

In Opal and Cassandra, as shown in Figs. 1 and 3, substitute professional members were recruited to safeguard reproduction. Following a broker's panel suspension and dismissal from one brokerage, he then took up the role of mortgage introducer, having recruited an alternate regulated broker to the OCG. Similarly, in Cassandra, following the lawyer's resignation and the investigation by the SRA

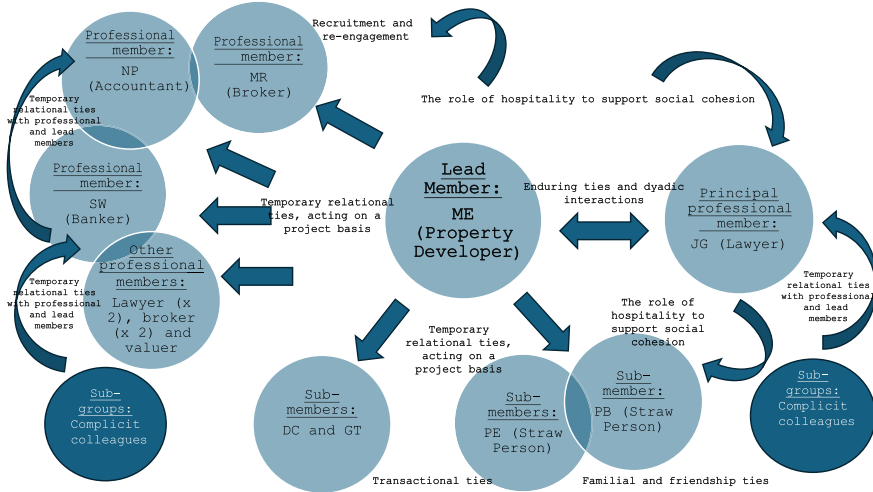


Fig. 3 Visualisation diagram – Operation Cassandra

(which led to him being struck off), the lead member recruited another lawyer to the OCG. Recruitment in all cases was supported by social ties and dark network connections that provided the recommendations and access to professionals willing to be engaged by the OCG.

Furthermore, it was necessary for professional members in each OCG to practice within firms where opportunity was reinforced by a criminogenic environment where poor supervision and governance, deference of support staff and limited or non-existent compliance safeguards were the norm.<sup>1213</sup> There was evidence of complicity with employees and colleagues, who made up sub-groups on the periphery, acting on a project basis according to instructions given. In Cassandra, as evident in Fig. 3, this included sub-members who reported to both Gilbert and Robinson. In Opal, as evident in Fig. 1, Baldwin used colleagues to facilitate fraud, as a means of insulating himself from suspicion of wrongdoing. This provided each OCG with additional resource and it also provided lead members with the means and method by which they could recruit other professional or quasi-professional members to replace departing members and to sustain operational requirements. Notably, these sub-members fell outside investigation and prosecution boundaries, with a significant number providing witness statements in the criminal proceedings.

Across all three OCGs, the role of professional members was instrumental to the fraud and to its reproduction. Without these members, who covered the key

<sup>12</sup> In Azure, although a whistle-blower colleague alerted management to the activities of John, he was still able to facilitate multiple fraudulent mortgage applications over several years prior to detection.

<sup>13</sup> The network structure was influenced by the need to avoid guardian intervention on the part of professional members, whether at the proximal firm level, where supervisors can identify wrongdoing or at the distal level where suspicious activities are reported to member's professional regulators who have a duty to intervene.

professions, both regulated and unregulated, involved within the property and mortgage lending sector, the OCG would have not functioned to achieve its objectives. Table 4 below shows the extent of participation of *known* professional members, repeated in the case of multiple agents.

In total, six mortgage brokers (excluding unregulated mortgage introducers), four lawyers,<sup>14</sup> four accountants, two bank personnel, one estate agent and one valuer were the *minimum* number of professional members across the three OCGs during the respective offending periods. Aztec had the least, engaging three, whilst Cassandra had the most, engaging nine. These members all had knowledge and experience of their respective professions and the trust of the victim lender and in most cases lender panel status.

The use of straw persons to reproduce the fraud was evident in both the Aztec and Cassandra OCG, as shown in Figs. 1 and 3, but not in Opal. In the latter case lead members were predominantly applying for mortgages for complicit applicants who had an essential need for the illicit service the OCG provided, due to their inability to demonstrate the required income level, employment status or property loan-to-value to be granted loans. In Aztec, four supporting members acted as straw persons. Their role involved putting their name to mortgage applications and representing themselves as either the buyer or the seller in sham property transactions. In Cassandra, three supporting members were used for this same purpose.

These supporting members were recruited as they shared close familial or personal ties to lead members. These kinship ties provided lead members with loyalty and deference which provided safeguards and assurances that they would carry out their respective roles and responsibilities without question, albeit by proxy or heavily coached as to what to say and what to do. These supporting members were efficiently supervised and managed by lead members and provided the OCG with resilience to deal with disruptive elements. Kinship recruitment also reduced operating cost and maximised criminal proceeds, particularly as the members predominantly agreed to assist with little or no return for their involvement, doing so out of trust, friendship and affection.

### Organisational dynamics within mortgage fraud OCGs

The organisational dynamics of the three cases vary in design, demonstrating the flexibility with which mortgage frauds can be accomplished. The organisational structure of Aztec and Cassandra, as shown in Figs. 2 and 3, was hierarchical and symmetrical in construction, and social interactions amongst the professional and secondary members were carefully managed and controlled by the lead members who delegated roles, activities and key responsibilities to professional and supporting members. However, there were distinctions. In Cassandra, there was greater social networking and interaction amongst all members as they were known to one another, either by way of an earlier introduction by Entwistle, or due to prior social

<sup>14</sup> At least one lawyer in Aztec, however DC Peach believes that there was wider involvement from lawyers, but these enquiries fell outside of his investigatory parameters.

**Table 4** Role of professional enablers in Opal, Aztec and Cassandra

| Opal           | Aztec        | Cassandra      |
|----------------|--------------|----------------|
| Bank personnel | Broker       | Lawyer         |
| Broker         | Estate agent | Broker         |
| Accountant     | Lawyer       | Accountant     |
| Broker         |              | Bank personnel |
| Accountant     |              | Lawyer         |
| Accountant     |              | Broker         |
|                |              | Broker         |
|                |              | Valuer         |
|                |              | Lawyer         |

Those professional agents highlighted in red, were not prosecuted

relations. Entwistle also used lavish hospitality, such as the use of his corporate box at Ascot and trips to Las Vegas, as a means of rewarding members and to reinforce social bonds amongst them, although he would ensure that members were not aware of the role and responsibilities of other members or the full extent of the OCG's operations. These events also provided the opportunity for members to discuss operations in person with Entwistle, rather than using email, text messaging and mobile phone, which might leave traces or even be surveilled. In Aztec, lead members shared social networks and relations with the professional member who acted as a broker to the OCG, but otherwise had separate sub-groups of members who acted as straw persons.

There were also distinctions between the OCG constitution and membership roll. This distinction was based upon motivation levels for financial gain, or reward. Lead members in Aztec were defrauding lenders for their personal benefit, whereas their counterparts in Opal were facilitating fraud for the benefit of their client applicants, albeit for procurement fees on completed mortgages and cash payments. OCG members in Cassandra adapted a prototypical mortgage fraud involving systematic status and valuation abuse to a highly reproductive fraud that evolved into mortgage redemption and development loan fraud. This adaptation of conventional mortgage fraud meant that multiple mortgages existed on one property, due to the lawyer's 'failure' to redeem a pre-existing mortgage, otherwise referred to as 'double-parking' (Gilbert 2024). The wider complexity, scale and value of Cassandra is partly attributable to the lawyer professional member taking on a lead member role.

Accordingly, recruitment of a lawyer to the OCG is contingent to the commission of mortgage fraud, but is necessary in the case of highly reproductive schemes. Lawyers were active professional members in both Cassandra and Aztec but not in Opal. Lawyers in Aztec did not take on a lead role in the fraud but were nonetheless necessary for title manipulation that supported reproduction. Changes in the operational dynamics of Cassandra and Aztec OCGs led to improvisations to the mortgage fraud script as there was an increasing need for fraud to sustain the objectives of the OCG.

For example, fraud was initially used as a means of illegitimately supporting property acquisitions and development. Due to escalating scale and value and the need to reproduce to recycle fraudulent debt, it became necessary to increase the level of victim targeting, be more creative with misrepresentations, whilst at the same time avoiding detection and disruption, including Cifas and National Hunter fraud prevention markers registered against member applicants. Accordingly, the lawyer role and responsibility within the OCG intensified, as is most evident in Cassandra, where the role and responsibility now included representing sham property transactions as being at arms-length, engaging in mortgage redemption fraud to cover shortfalls on other fraudulent client accounts (known as teeming and lading, or client account fraud where one fraudulent mortgage is applied, in whole or in part, to cover the shortfall on another), and generally obfuscating transactions to avoid efforts to disrupt the fraud.

An accountant's role in a mortgage fraud OCG is contingent, becoming necessary in instances where proof of income and employment is required as in Opal and Cassandra, where accountants provided false accounts and income statements. Real estate agents, valuers and bank personnel were also active OCG professional members in both Aztec and Cassandra. These members were not necessary to the commission of mortgage fraud, but their role evolved from a contingent one to a necessary one. By example, fraudulent schemes involving land development and new builds, as seen in Cassandra and Aztec, necessitated these members to support reproduction. In Cassandra, Williams (a bank official at RBS/Nat West) became a necessary member of the OCG, where his role involved assisting the circumvention of underwriting and risk protocols to facilitate multiple land and development loans that would not otherwise have been offered. Additionally, Entwistle alerted Williams to the fraudulent activities of Gilbert within the OCG, but not the full extent and value thereof, so as not to scare him off and therefore ensuring his continued membership and loyalty to the OCG and to himself personally.

As identified above, and represented in Figs. 2 and 3, the proximate social relations with supporting members in both Aztec and Cassandra consisted of close familial and personal relationships, which gave the OCG added resilience and durability that supported reproduction. These members were predisposed to assist the lead members with whom they had close kinship connections. They shared dispositions to place their utmost faith and trust in the activities of the lead members without regard to their own consequent exposure to police investigation and prosecution. Whilst the role of straw persons is contingent to the commission of mortgage fraud, which can happen without them, they became necessary in both cases: Entwistle had no further means of borrowing due to his decreasing creditworthiness, and Powell was subject to a CIFAS fraud prevention marker, so both needed to recruit straw persons to ensure reproduction.

Distinctly, in Opal, as represented in Fig. 1, lead members delegated key activities and responsibilities to professional members, as you would in a legitimate enterprise, but the members were otherwise disassociated from one another, which provided resilience. However, as the OCG's activities increased, the hierarchy and organisational structure of the network divided, as agreements were needed with other subgroup members to support reproduction. This development broadened and bifurcated the OCG, which caused vulnerabilities and exposed lead members to disruption.

Additionally, a supplemental category of members, both professional and supporting, involved in each of the OCGs included individuals who fell outside prosecutorial parameters. These included additional professional members, the mortgage applicants in Opal and an additional straw person in Cassandra. These actors were members in each of the OCGs, albeit on a temporary or project basis, but still reporting to lead actors and carrying out their roles and responsibilities that supported the objectives of the OCG.

### **Regulatory data and mortgage and property fraud OCGs**

Enforcement data from the Solicitors Disciplinary Tribunal (SDT) illustrates lawyer membership of mortgage fraud OCGs, where their role requires innovative and adaptive improvisations to the crime-commissioning processes of the script to support reproduction and circumvent disruption. In a multi-million-pound mortgage fraud in North Wales, the OCG consisted of lead actors Antony Lowry-Huws and Sheila Whalley, Lowry-Huws' wife, Nicholas Jones—a lawyer (subsequently struck off, SDT 2013), Frank Darlington—a surveyor (a second surveyor was acquitted at trial), and several straw persons. The OCG used mortgage packagers to submit fraudulent applications on properties, including non-existent properties, with inflated value and where no deposit was paid (see also [2014] EWCA Crim 1762). These adaptations to the script required conscious lawyer complicity (see general discussion in Levi 2022).

Furthermore, regulatory data identified how adaptable OCGs are when reacting to disruptive elements. In response to the tightening of lenders' panels in the aftermath of the financial crisis, data identifies the emergence of 'cuckooing', a term normally referring to taking over a home which is used to distribute illegal drugs. This technique involved OCGs targeting small high street firms that specialised in conveyancing being advertised for sale in the Law Society Gazette by retiring partners or sole practitioners, in order to secure their ongoing lender panel status. In Pratchett, Obeng & Das (SDT, 2013) the first respondent, who acted as a sole practitioner but held panel status with a number of lenders, sold to Obeng and Das, two lawyer members of an OCG who gained control over the firm and its bank accounts and forged Pratchett's signature on certificates of title. In Newell-Austin, Assroundi & Ahsan (SDT, 2016) two lawyer members of an OCG infiltrated a small high street firm and used it as a vehicle to commit both mortgage fraud and mortgage redemption fraud, and in Odunlami (SDT, 2014), an OCG was formed between separate firms of lawyers and other members, where their activities involved sophisticated mortgage redemption fraud.

Analysis of enforcement data from the financial regulator FSA/FCA demonstrates how brokers facilitate mortgage fraud for and against their 'clients' individually on a lone wolf basis for their own personal gain, and where they operate in packs as members of sophisticated OCGs. These OCGs include similar conspiracies to the three case studies but also include OCGs that operate brokerages and mortgage packaging firms, where the lead members are FCA approved persons, and where their employed advisers are willing to comply with the firm's fraudulent objectives. These OCGs commit and reproduce mortgage fraud for their 'clients' who provide cash payments or higher than market brokerage fees for the illicit service. They



also commit mortgage fraud in their own personal interests or those of close family members. Data also identifies the role of straw persons. Widespread broker complicity in fraud in the UK from 2002 to 2007 destabilised the mortgage lending market and was a contributory factor to the financial crisis of 2007/08; as acknowledged by the FSA in enforcement proceedings against Abdul Karim and in other cases.<sup>15</sup>

A prime example of OCG-brokerage involvement is evident in the £300million Newcastle Home Loans Limited mortgage fraud,<sup>16</sup> where the OCG members included Michael Foster,<sup>17</sup> David Purdie,<sup>18</sup> Ken Robinson (operating as Ken Robinson Mortgages),<sup>19</sup> Linda Patterson,<sup>20</sup> and Grace Purdie.<sup>21</sup> The OCG, whose members (as in Cassandra and Aztec) shared similar familial and kinship ties became a branded lender for the principal victim and operated a back-to-back, 'no money down' property investment fraud where they bought residential properties at reduced value from owners in financial distress. Membership included complicit valuers who inflated property values (Hunter, 2015).<sup>22</sup> Another example involved Tony Sanham Associates and a £8million mortgage fraud, where the OCG membership included Sanham,<sup>23</sup> his lawyer Paul Reader (SDT, 2009), and a "network of facilitators": it was dubbed by media reports as the 'Diamond Geezer, conveyancer and mortgage broker' conspiracy.<sup>24</sup>

Data also identified transnational OCGs' involvement in mortgage fraud in the UK, with members originating from Nigeria and South Asian countries. This was evidenced by the disproportionate percentage of brokers sanctioned by the FSA who originated from these countries: they were involved in 44% of all mortgage fraud cases prosecuted between 2009 and 2015. Of those, twenty cases involved respondents of Nigerian descent, eleven of Pakistani, nine of Indian, five of Bangladeshi and seven of descent across five other countries within Africa and South Asia.<sup>25</sup> This data could be indicative of the exploitation of the regulatory approval regime to join the UK's financial services market with the objective of engaging in high

<sup>15</sup> Financial Standards Authority v Abdul Karim (2009) Available at [Final notice: Mr Abdul Karim](#). Accessed 27 June 2024.

<sup>16</sup> Financial Standards Authority v Newcastle Home Loans Limited (2009) Available at [NHL Fine Final Notice](#). Accessed 27 June 2024.

<sup>17</sup> Financial Standards Authority v Michael Foster (2009) Available at [Michael Foster Final Notice](#). Accessed 27 June 2024.

<sup>18</sup> Financial Standards Authority v David Purdie (2009) Available at [David Purdie Final Notice](#). Accessed 27 June 2024.

<sup>19</sup> Financial Standards Authority v Ken Robinson (2009) Available at [Ken Robinson Final Notice](#). Accessed 27 June 2024.

<sup>20</sup> Financial Standards Authority v Linda Patterson (2009) Available at [Linda Patterson Final Notice](#). Accessed 27 June 2024.

<sup>21</sup> Financial Standards Authority v Grace Purdie (2009) Available at [Grace Purdie Final Notice](#). Accessed 27 June 2024.

<sup>22</sup> Four jailed over £300 m mortgage fraud which left hundreds bankrupt or homeless | The Northern Echo.

<sup>23</sup> Financial Standards Authority v Tony Sanham (2012) Available at [FINAL NOTICE: Tony Sanham.doc \(fca.org.uk\)](#).

<sup>24</sup> 'Diamond geezer', conveyancer & mortgage broker: The £8 m fraud. A 'diamond geezer' colloquially refers to a man who is hard and trustworthy.

<sup>25</sup> The data could be indicative of the exploitation of the regulatory approval regime to set up shop in the UK's financial services market with the objective of engaging in high value fraud.

value fraud. It is comparable with data from the SRA/SDT which identified transnational OCGs involved in mortgage fraud in the UK, where Registered Foreign Lawyers regulated by the SRA were enlisted as members.<sup>26</sup> Most notable misconduct included drawdown and shutdown cases, where mortgage fraud preceded practice abandonment. In Obeng & Adeyemi fraudsters mimicked a legitimate firm to intercept purchase monies, following which the firm was abandoned, with the respondents returning to Nigeria (SDT, 2010). In Omuvwie-Momoh SRA pleadings to the SDT referenced a typical drawdown and shutdown mortgage fraud (SDT, 2010). Whether or not this is a ‘true percentage’ of foreigners involved in mortgage fraud, or to some extent an artefact of cases selected for prosecution and regulatory sanctions, cannot be tested: but their involvement is well evidenced.

Finally, the case of Saghir Afzal, Afzal, his brother Nisar Afzal and chartered surveyor Ian McGarry involved a £50 million mortgage fraud.<sup>27</sup> McGarry’s role in the OCG was to provide false valuations based on fictitious leases. The Serious Fraud Office also prosecuted six lawyers who acted for companies controlled by the Afzal brothers, which were used as buyers and sellers in sham transactions to artificially increase the property value to dupe victim lenders. However, three of the six were acquitted at trial and the jury failed to reach a verdict of the remaining three.<sup>28</sup>

## Concluding remarks

This article offers empirical insight into the role of OCGs in mortgage and property related fraud in the UK. Conceptualising mortgage and property fraud OCGs as networks assists in identifying the organisational structure and those membership clusters and cliques that makes up the OCG. Social Network Analysis identifies those lead members who are central to operations, and how the OCGs expand and develop by recruitment of new members or where the OCG bifurcates, creating sub-groups. It also identifies the biographies of individual members within the OCG, including licensed professionals and secondary members, such as straw persons, and their roles and responsibilities, how these are delegated, coordinated and supervised by lead members.

The article utilised social networking and case study analysis to examine the role of lead, professional and supporting members of three multi-million-pound mortgage and property fraud conspiracies. Qualitative data was collected and analysed from a broad range of sources, including prosecution case files, extensive witness and documentary evidence; interviews with both members of OCGs and law enforcement and victim lenders. Additional data was collected from the regulatory

<sup>26</sup> Between 2009 and 2015 this accounted for 13% of striking offs, compared to Registered Foreign Lawyers as of December 2015 making up 1.26% of all regulated solicitors/lawyers in England and Wales.

[https://www.sra.org.uk/sra/research-publications/regulated-community-statistics/data/population\\_solicitors/](https://www.sra.org.uk/sra/research-publications/regulated-community-statistics/data/population_solicitors/)

<sup>27</sup> Birmingham Mortgage Fraud – SFO v Afzal and others Accessed 22<sup>nd</sup> November 2024.

<sup>28</sup> The SFO decided it was not in the public interest for a retrial. [Lawyers acquitted of mortgage fraud | News | Law Gazette](#) Accessed 22<sup>nd</sup> November 2024.

bodies of those professions that are involved with property and mortgages. Findings identified the membership and organisational dynamics of OCGs involved in mortgage and property fraud, including the delegation of roles and responsibilities, lead member control of resource and recruitment and the ways in which members communicate and interact with one another. It has identified the necessary and contingent role of licensed professionals recruited as members and how greater cohesion amongst members, particularly in the case of familial and kinship, supports secrecy and concealment that provides the resilience to help avoid disruptive elements and to support highly reproductive mortgage and property frauds.

This article is primarily an insight into what is necessary and contingent in mortgage fraud, using network analysis to show how interconnections are created and managed. Improved understanding will assist victim lenders as they adapt fraud prevention algorithms in their artificial intelligence software to protect against victimisation. This can be achieved by identifying applications where there are commonalities in data, such as surnames and contact information, or patterns in applicant data that connect to previously rejected or other suspected applications. These suspicions can then be reported to UK fraud prevention agencies, such as Cifas and National Hunter, and disseminated with other shared data across the mortgage lending sector. It will also inform law enforcement agencies and regulators tasked with investigating organised frauds, complicit professionals and more broadly regulating the financial services sector as a whole.

**Author Contribution** JG wrote the main manuscript text. ML added valuable content relevant to fraud, professional enablers (notably lawyers) and financial crime generally. Both authors reviewed and agreed on the manuscript.

**Data availability** No datasets were generated or analysed during the current study.

## Declarations

**Competing interests** The authors declare no competing interests.

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