

THE AUSTRALIAN

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S&P/ASX 200	AUD/USD	TOP GAINER KMD	TOP LOSER PDN		
+0.48%	+0.05%	+23.20%	-5.88%		
5448.7000	\$0.77	\$1.54	\$0.24		

How an unsuspecting victim had his bank account drained of \$1m

BEN BUTLER THE AUSTRALIAN JUNE 27, 2015 12:00AM



Source: AP

Even alleged fraudsters need to get their start-up capital from somewhere.

It's difficult to convince people to invest in you when you're the alleged mastermind of a string of scams involving the manipulation of the share prices of at least 10 companies.

But Australian businessman Bryan Leonard Cook, 59, whose trial in Germany on fraud charges finished on Wednesday, and his Swiss associate Bruno Regli had a ready source of money: documents obtained by The Weekend Australian show they used money from the UBS bank account of an Australian living in Switzerland to fund their corporate empire.

Over almost three years, about \$1 million made its way from the Australian's account at UBS's Zug

branch to Regli or to businesses associated with him and Cook.

The alleged victim, who The Weekend Australian has agreed to refer to by the pseudonym John Smith, had contact with Cook in Switzerland between 2010 and 2012, when Cook's London Capital empire was riding high — in stark contrast to the stress the group appears under today.

Cook was “a very confident person”, Smith said. “He's always giving you trivial information to try and impress you.”

Smith said Cook boasted of running a bucket shop out of Eastern Europe, including details such as the rates and commissions he had been paying his workers.

Cook also showed Smith around an apartment-style office where four Englishmen, who he said worked in Switzerland during the week and flew back home on the weekends, were running what appeared to be a trading room.

“It was like Bryan was showing off a bit,” Smith said.

He said Cook claimed to have bought a private banking licence in New Zealand for \$20,000 — an apparent reference to London Capital's offshoot Asia Finance Corporation, also known as London Capital NZ, which is registered as a financial services provider by Kiwi authorities.

New Zealand Financial Markets Authority spokesman Andrew Park said the regulator was seeking the removal of Asia Finance Corporation from the register. The FMA is investigating the company and is assisting other regulators, including Germany's markets supervisor BaFin, with their inquiries.

AFC's website has been offline for at least a week, following The Australian's exposure in February of its links to Cook's web of alleged pump-and-dump schemes on European secondary markets, and no one answered the phone at its office last week.

However, AFC's lawyer, Julie Crengle, said the company, which is owned by Cook, and has as its sole director Cook associate and Australian resident Thomas Ungchun Yi, was still operational.

Other companies linked to London Capital also appear to be feeling the strain. Last month Power 8, which claims to be a sports betting technology company, abandoned its sponsorship of top Spanish soccer team Espanyol and packed up its office in Barcelona amid allegations it is a pyramid scheme focused on Asian investors — an echo of accusations levelled at another group linked to London Capital, Virgin Gold Mining Corporation.

Panama-registered VGMC, which held lavish dinners at five-star hotels and rewarded investors with trips to Dubai and Bali, was allegedly a Ponzi scheme that may have taken as much as \$US2 billion (\$2.6bn) from victims in Asia.

A week-and-a-half ago Asia Pacific Gold Mining Investments, a Canadian-registered company into which some VGMC victims were flipped, was kicked off Danish secondary bourse GXG “due to non-compliance with demands from GXG”. Another troubled company advised by London Capital, Adelaide-based but UK-registered Astra Resources, announced on June 1 it would change its name to Incept Holdings. Astra, which was expelled from GXG last year, said it was still looking for a North American bourse willing to list it.

It announced the appointment of an “advisory board”, headed by former Blake Dawson partner Charles Abbott, who hit the headlines in 2002 when it emerged he had reaped \$800,000 in consultancy fees from

failed insurer HIH, where he also served as an “independent” director.

Astra is also waiting on a judgment from the Federal Court after the Australian Securities and Investments Commission last year accused it of engaging in illegal fundraising.

Smith moved to Switzerland in 2010 after a visit during which his wife said she liked the look of the place, with its cobbled streets and postcard landscapes.

He’d known Regli, who’d served a tour of duty as a banker in Singapore, for a decade. Smith said Regli held himself out as a professional fiduciary, although the name could not be found when *The Weekend Australian* searched the Swiss Fiduciary Association’s online register.

For a fee of 1000 francs a month, Regli said he would help Smith and his wife set up a new life in Switzerland, offering assistance in everything from finding accommodation to setting up bank accounts and managing investments.

Smith signed a power of attorney giving Regli access to his bank account at UBS. Bank records show that beginning in December 2010, Regli began making cash withdrawals that Smith told *The Weekend Australian* he did not authorise.

Over the following two years, Regli withdrew 46,300 francs — about \$64,000 — in cash, of which he repaid only 4500 francs.

Regli also transferred more than \$760,000 to a Swiss company called STS Swiss Treuhand Services, controlled by him, Cook and Chris Eddy, an Australian businessman based in Dubai. (Eddy declined to comment.)

Until it was taken down this week, STS’s website also boasted that Yi was its Asian contact.

The transfers were marked “BL working capital” — a notation Smith can’t explain.

Swiss company records show STS owns shares in three UK companies suspected by German authorities of being part of Cook’s pump-and-dump network, Klares Wasser, True Green LED and Alta Aerial.

About \$150,000 eventually came back to Smith’s account, care of another Cook company, London Capital GmbH.

Regli also transferred more than \$360,000 to a company in tax haven the Isle of Man called CEC Carbonate, where he was a founding director alongside Canadian Garry Tighe.

CEC Carbonate is among a number of companies associated with Tighe that have claimed to be in the business of exploring oil sands in Canada. The website of another, CEC North Star, has also been blanked in the past fortnight.

While Smith thought he was lending CEC Carbonate money, bank documents record he was sold shares — although he doesn’t recall receiving a share certificate and in any case Manx authorities have struck off the company for failing to file annual returns.

Regli didn’t respond to emails from *The Weekend Australian* seeking an explanation for the transactions. However, in a letter to Smith’s Swiss lawyer, Regli said it was he who was owed money, about \$57,000. He complained of Smith’s “misstatements” and said as a result he was “no longer interested in working” with Smith. But he offered to walk away without litigation — provided Smith paid him the money.

Smith said he had no intention of doing so.

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