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## CRIME

Shamlal Puri

## ‘KING CON’ KETAN SOMAIA JAILED IN UK FOR MULTI-MILLION FRAUD

Flamboyant Indian conman Ketan Somaia is in jail in Britain for a multi-million dollar fraud. SHAMLAL PURI followed his sensational trial and the thrilling career of the fallen paper millionaire.

**K**etan Somaia lived in the fast lane. He dined like a king, globe-trotted in private jets, struck deals in the skies as he popped rare vintage champagne - dazzling all who crossed his path with his billionaire tastes, sophisticated life-style openly flaunting his purported wealth.

Somaia, 52, of Hadley Wood, north London, who had a plush office in Mayfair, wooed his victims with luxury all-expenses-paid trips on private Lear jets to Kenya, Dubai and South Africa, to champagne parties where he served only cases of expensive vintage Dom Perignon and extravagant dinners.

But the swindler's mask slipped in July 2014 when he was convicted of nine counts of fraud, fleecing wealthy investors out of £13.5m and jailed for eight years at the Central Criminal Court – the Old Bailey after a ten-week trial.



*Ketan Somaia in jail uniform*

One-time hardware salesman turned tycoon and dubbed as “King Con” Somaia was originally charged with 11 counts but convicted by a jury for nine counts of obtaining money transfer by deception, contrary to Section 15A of the Theft Act 1968 after the largest private prosecution in British legal history

Uganda-born Somaia has now exchanged his expensive designer suits for a prison uniform and is behind the walls of London's notorious high-security Belmarsh Prison until he turns 60. He now has the company of some of the world's deadliest criminals.

His fall from a high-flying and smooth-talking billionaire to a prison statistic runs like the script of a thriller, but his crimes ruined many people who crossed his path.

Somaia, a former motor rally driver, banker and hotelier fled from Kenya in the mid-90s after being implicated in a UK £5 million scandal over his alleged failure to supply Kenya Police with communications equipment for which he was contracted using his high political connections. He was jailed in Nairobi for crimes including corruption. He featured prominently in one of Kenya's biggest financial crimes - the Goldenberg fake gold exports compensation scandal.

Somaia believed he was above the law until Gulf business tycoon Murlu Mirchandani's private prosecution brought him down.

Mirchandani, a self-made businessman, believed to be worth over £70m had heard of Somaia's business successes at parties and was attracted by his offer of a lucrative partnership.

At the time Somaia purported to be a very wealthy Kenyan mogul with business operations in the Gulf and Africa as well as having an interest in the Delphi Bank, Mauritius which he had bought from the liquidators of the collapsed Bank of Credit and Commerce International. All along Somaia bragged that he owned assets worth £294m in banking and hotels and claimed he had connections with Britain's billionaire brothers the Hindujas.

Mirchandani was given all expenses paid trips to the UK, Kenya and South Africa with dinners in posh clubs.

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and elite restaurants in London

Mirchandani's action followed Somaia's conduct during 1999 and 2000 when he was President and Chief Executive of the Dolphin Group of Companies.

Somaia's scam began with a plea for a short-term loan of \$865,000 to buy shares in Delphis Bank, Mauritius with a guaranteed repayment in four months.

He soon convinced Mirchandani to invest £4.42m to buy a 10% stake in his bank.

Mirchandani transferred another £1.47m to purchase a stake in another company in which Somaia claimed he would double the value within three years.

He also fell prey to Somaia's invitation to invest in further projects. Mirchandani injected \$2.775m in a project he thought was a 50% interest in the Diamond Mining Corporation of Liberia, the value of which Somaia claimed would treble within nine months.

Somaia further lured Mirchandani to transfer another \$3m to help purchase a bank in Tanzania with a profit guarantee of 20% and full repayment within four months at 15% interest.

William Boyce QC, prosecuting, said Somaia built up a feeling of "fevered excitement" in his victims with false opportunities of being their business partner.

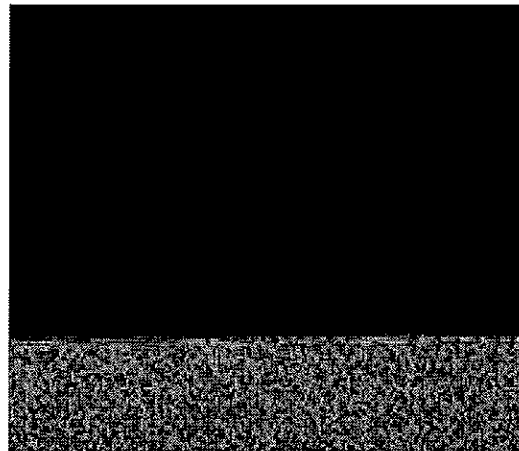
Somaia's scams continued when in October 1999 he invited Mirchandani to London and offered a lucrative opportunity to invest in a hotel group in South Africa. He paid \$1.85m for a 40% interest in the deal but never received any paperwork confirming his investment.

By now Mirchandani was increasingly worried about his investments but surprisingly continued to fall prey to Somaia's scams. Undeterred in November 1999 Somaia asked for two loans of £1m at 16% interest and £800,000 at 18%

Somaia blamed his inability to honour his agreements to "cash flow problems," but personally guaranteed the



*Ketan Somaia dapper, charming persuasive conman*



*Ketan Somaia eight years in jail*

loans.

He invited Mirchandani to yet another no-expenses-spurred trip to South Africa.

Alarms bells started ringing by March 2000 as Mirchandani, weighed down by Somaia's generosity and hospitality, demanded repayment

Somaia persisted and Mirchandani parted with a \$1m loan to be repaid within a month. But Somaia defaulted and two months later he asked Mirchandani for another loan. Mirchandani gave £500,000 on condition he was repaid everything by September 2000.

Mirchandani finally launched a private prosecution in 2011 while Somaia was in London

Somaia pulled off the scams using his smooth, charming, impressive and persuasive tactics. His victims accepted his personal guarantees at face value.

But in reality, the court heard, Somaia was a "confidence trickster on a grand scale" and "almost shameless in his exploitation" of his unwitting victims to get his hands on their money.

He used his purported wealth and status in the Asian community to persuade the main complainant Mirchandani to pay him \$19.5m for what Mirchandani believed were short-term loans with high rates of interest and investments in business opportunities identified by Somaia

Each payment was induced by Somaia's deliberate and dishonest misrepresentations exploiting Mirchandani's trusting nature to obtain money which he then used to fund his own lavish lifestyle and prop up his own companies which, unknown to Mirchandani, were in an insecure financial situation

Mirchandani was not the only businessman Somaia had fleeced

When he refused to give any more money,

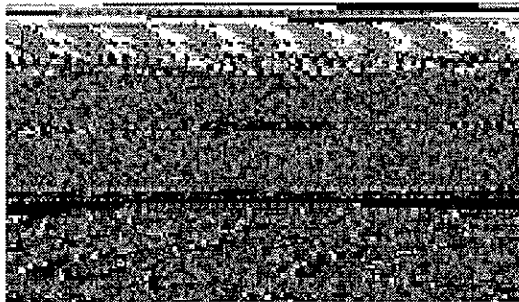
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*Ketan Somaia was a former motor rally driver*

Somaia turned to others for “emergency funding.” He approached the second complainant - Dilip Shah and through false representations obtained \$200,000 from him. Somaia never repaid a penny of the capital sums he had received from Mirchandani and Shah except that his accountant sent the second complainant £7,000 years later.

He issued confusing and worthless contracts leading his victims to believe they stood to gain from investing with him.

His other victims included businessman Surajit Sen who had handed him around £1 18m in 1997

By April 2001 Somaia also owed £8 84m to an entrepreneur referred to only as ‘Mr Bose’.

Somaia made the first repayment of £1 18m but failed to repay any more money. When confronted, Somaia signed a contract under which he would transfer 30% of DLH share capital over to Bose giving him a certificate which was a worthless piece of paper.

Somaia claimed that he had repaid Bose around £2.95m but later conceded that this was mostly from a £2 06m mansion which he had signed over as a security for the loan

Unfazed by his arrest Somara continued to live luxuriously - in a manner that “most can only dream of” dining at the London’s five-star Dorchester Hotel and the exclusive East India Men’s Club and educating his daughter in Switzerland

James Woods QC, defending, said “Mr Somaia was described as a colossus of the business world who overawed people with his flashy charm and gifts

“We suggest Murlu Mirchandani, rather than the weak man portrayed, is more likely a hard-nosed business entrepreneur It was he who looked at Mr Somaia in order to try and embark upon a business partnership

“He was prepared to pay out big money to secure that business relationship

“He gambled his money on Ketan Somaia You win some and you lose some but you take it in your stride This was no fraud ”

At the sentencing hearing, HHJ Hone QC said the evidence against Somara had been “very strong” and

that his culpability was at a “high level”. He said Somaia had been “fundamentally dishonest” in his dealings with both Murlu Mirchandani and Dilip Shah and “breached their trust in you in a callous, amoral and flagrant manner.”

“Your fraudulent conduct involved obtaining \$19.7m At the prevailing exchange rates that represents approximately £13.5m.

“It is apparent from the evidence that your Dolphin Group of Companies was in serious trouble at the time of the economic downturn at the end of 1999.”

The Judge told Somaia that, but for “your admitted ill health, I would have had no hesitation in passing a sentence of ten years However, I think some allowance should be made through my judgement; you are your own worst enemy in that respect, having failed to take medication and failed to adhere to your doctor’s advice.”

He then sentenced Somaia to eight years imprisonment on all nine counts to run concurrently

During the trial which started on April 8 and ended on June 13, Somaia said in his defence, “I was honest with my clients.” He told the court that the monies he had received were legitimate loans and that he never broke his agreements.

James Woods QC, defending, claimed that Somaia had only a 20% chance of surviving the next five years because of his kidney which needed dialysis and heart problems

Michael O’Kane, Head of Business Crime at Peters and Peters Solicitors, whose firm represented



*Michael O Kane Head of Business Crime, at Peters & Peters Solicitors represented Murlu Mirchandani*

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Mirchandani, welcomed the sentence, saying Somaia “had to face up to his criminal conduct in court.

“Having suffered the frustration of a number of failed legal proceedings in multiple jurisdictions, Mr Murli Mirchandani approached Peters & Peters in 2009 with a view to bringing Mr Somaia to justice

“Peters & Peters helped Mr Mirchandani to mount his own private prosecution which is, to our knowledge, the largest private prosecution brought by an individual in the UK to date.

“Bringing this private prosecution has meant that Mr Somaia has finally had to face up to his criminal conduct in court and has been found guilty by a jury following due legal process. He caused significant suffering and hardship to Mr Mirchandani and his family not only by stealing substantial sums of money from them but also by breaching their trust.

“We hope that Mr Somaia’s conviction and sentence of eight years imprisonment will bring some peace of mind and closure to them.”

Peters & Peters, together with its counsel team of William Boyce QC and Rachna Gokani, was able to prove in nine counts out of 11 that Somaia made various false representations regarding his personal wealth and that of his companies in order to induce Mirchandani and another complainant to dishonestly obtain money from them

The action was brought on behalf of BGP Global Services and Peters and Peters.

The documentary evidence supported Mirchandani’s (and the other complainant’s) version of events and the jury believed the witnesses for the prosecution.

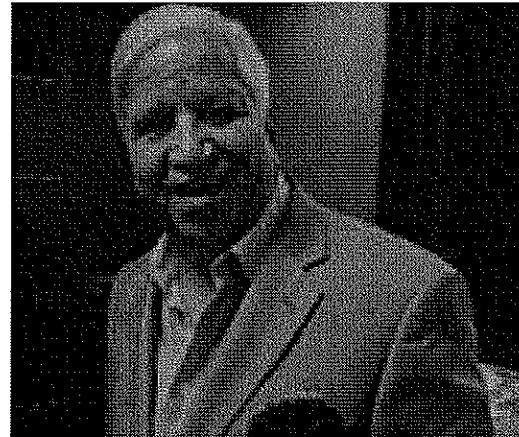
“The prosecution proved beyond reasonable doubt that Somaia was culpable in relation to 9 counts totalling \$19.7m, a significant proportion of the total overall value, \$23 2m, that the prosecution stated from the outset Somaia had dishonestly obtained from Mr Mirchandani and the second complainant,” added Mr O’Kane

During the hearing Somaia’s version of events in relation to 9 out of 11 counts was found to be factually incorrect and therefore not believed by the jury

Somaia’s defence essentially was that although he admitted to receiving the monies from Mirchandani and the second complainant, he did not dishonestly obtain the funds as he had not made false representations to do so

Mr O’Kane said that another aspect of Somaia’s defence was that the monies were not repaid (in relation to Mirchandani), as Mirchandani had not paid Somaia \$5m due as part of an alleged agreement in relation to one of the loans - the agreement being that Mirchandani would invest a further \$7 5m rather than the actual amount he did invest (\$2 5m)

The prosecution proved that Somaia had induced Mirchandani into investing funds by making false



*Murli Mirchandani Persisted in pursuing the case against Ketan Somaia, and is grateful to the UK judicial system*

representations in eight out of 10 instances (the 11th count was solely in relation to the second complainant). The jury also did not agree with Somaia’s version of events that he had not repaid these monies because of Mirchandani’s failure to pay the \$5m.

A relieved Mirchandani said: “My family and I are relieved that this difficult, long and painful journey is finally behind us. We have waited 14 years for justice and we are pleased with the sentence passed by the Learned Judge at the Central Criminal Court. It is only through our persistence in pursuing this case through a private prosecution that we have achieved this result. We hope that this will bring some satisfaction to the many other victims that have been defrauded in a merciless and malicious way by Ketan Somaia. It will certainly give us some closure to know that justice has been done. We are grateful to the UK judicial system for allowing us to pursue this course of action despite all the obstacles and hurdles in this long battle for justice.”

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*Sham Lal Puri, TII’s Contributing Editor in London, is a veteran British journalist, broadcaster, author and press photographer. He has worked with the media in Europe, Africa, Asia and the Middle East. His novels ‘Dubai Dreams: The Rough Road to Riches’ and ‘Triangle of Terror’ are acclaimed bestsellers. His novel ‘The Illegals’ (Crownbird Publishers) has been published this year. He has travelled to more than 100 countries in an illustrious journalistic career spanning 40 years. His work has been published in more than 250 magazines, newspapers and journals around the world.*

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