

Webinar – International Financial Crimes: How Do We Turn The Tide And --- Help Older Victims?

Debbie Deem and C. Steven Baker
August 1, 2018



Things to Cover

- What is mass marketing fraud?
- How often does this happen?
- And how do we know?
- Most common frauds affecting older victims
- Use of mules
- How might we turn the tide?

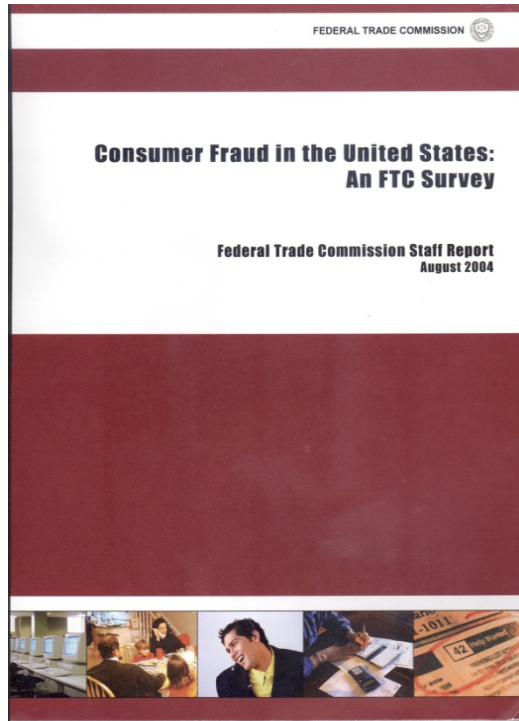
Mass Marketing Fraud



- Victim and scammer never meet
- Connect by phone, email, text, internet, mail, social media
- Must get money somehow
- All employ modern communications systems
- Consumer may have no idea who they are dealing with or where they are

National Fraud Survey

Fraud Victimization



- In previous year:
- 11.2% of entire adult population in U.S. victimized – 25 million people
 - Only 8.4% of those victimized actually complained



Consumer Sentinel



- Investigative tool
 - More than 1 million complaint database to develop civil and criminal cases
 - Reports to identify trends
 - Investigational tracking and alert options
- Complaints compiled from many sources
 - Directly from consumers through FTC web site and FTC toll-free number
 - 877/FTC-Help
 - Transferred from other agencies, including Postal Inspection Service, IC3, BBBs, PCH
- Searchable over the Internet by law enforcement members
- Annual public reports on statistics



Internet Crime Complaint Center (IC3)

- Operated by the FBI
 - www.ic3.gov
 - Only sworn law enforcement agencies may get access
 - Have good analysts
 - Stopped contributing to Sentinel after 2014
- Annual report on major crimes
 - By state, loss amount, crime types, age groups

Has Fraud Gone Global?



- Just as markets have
- Cheaper phone service/internet
- International financial/banking system
- Crooks are often first to employ new technologies
- Enforcers do talk internationally
- More difficult for law enforcement to apprehend- jurisdiction; extradition; evidence issues





Most Common Frauds

- Tech Support
- Romance Frauds
- Grandparent Frauds
- Bogus IRS calls
- Timeshare resale
- Lottery/Sweepstake/Prize Mailings
- (Jamaica)



Tech Support Scams

- 41,500 complaints 2017
- Remote into PC; claim a virus
 - Charge you \$400-\$500- can be more
 - May install spyware- extortion for more money to get access back
 - Exploding problem
 - Search/popup/cold calls/robocalls
 - May get into bank account; offer refund



Tech Support

- Calls often from India; may be same people doing IRS calls
- BBB Study
- 24 recently sentenced in the US
- Don't let people remote into your computer
- Take it to a 'brick and mortar'
- FTC's Consumer Information Tips
 - <https://www.consumer.ftc.gov/articles/0346-tech-support-scams>
- Report to FTC, IC3, local police and APS



Romance Scams

- “Sweetheart” you met on an online dating site or social media builds trust over days, weeks, or months.
 - Eventually asks you to wire money, usually outside the U.S., for some type of emergency or for an airline ticket
 - Regardless of how convincing the story, your money will be gone, as will your “sweetheart”



Romance Scams

- 230K victims in UK
- Vastly under reported
 - Worldwide problem
- FBI says highest loss/victim
- 351M loss in 2017 reported to FTC and IC3
- \$884 million over three years US/Canada



Romance Fraud – How Meet?

- Meet on dating sites, social media
- Often pretend to be US military or businessmen/engineers for women; teachers for men
 - Often pretend to be widowed with a minor child
 - Working overseas



Romance Fraud – Grooming

- Get people off social media or dating sites quickly
 - “Share” a lot; learn about victims
 - Relationship grows quickly
 - May send cards, candy
 - May develop over several months
 - May be on the phone too
 - Daily text messages expressing love
 - May get sex acts on skype, send intimate images later used to extort victims



Romance Fraud – The Sting

- Need money – small amounts 1st
 - Often money needed for the “child”
 - If respond need more
 - Utterly clean people out
 - Act hurt, threaten to end relationship
 - After money gone ask victim to mule
 - May claim really fell in love



Romance Fraud – Who Are Victims

- Same men/women; young/old; straight/gay; rich/poor
- Often victims reporting ages 50 and older
- Higher in romantic beliefs
- Devastated emotionally and financially
- Australia says have more suicides from this than murders



Romance Fraud – Sunmola Case

- Nigerian living in S. Africa
- Often pretended to be in Army
- Claimed accent because originally from Greece
- At least 50 victims
- Used them to steal \$1M in electronics
- Got 27 years



How Deal With Victims?

- Might find picture; google text
- Victims want to believe
- Emotionally devastated
- As noted, suicides
- Need real help – hard to find
- Report FTC/IC3, local police, APS



Grandparent Scams

- Pretend to be grandchild in trouble in another country
 - Don't tell Mom/Dad- may have 3rd party take over the conversation
 - Common 'stories' - Broke nose in car crash, arrested, in jail or hospital
 - Need money immediately
 - If send some, scammer needs more
 - Send \$\$ Western Union/MoneyGram or gift cards



More on Grandparents

- Callers mainly from Montreal
- Hard to find
- RCMP has busted several rooms
- Extradited to US
- Prosecuted in Los Angeles federal court
- Still a big problem
- Report? FTC/IC3, local police, APS



IRS Impersonators

- May do robocalls; impersonate real agents
- Threaten imminent arrests
- May also target immigrants and threaten deportations
- Massive complaint numbers
- Had people pay with iTunes cards
- Market for those in China



IRS impersonators

- Call center in India had 700 people working there
 - Recently 24 people sentenced in US
 - Had runners in the US
 - Still very much a problem
 - Also in Canada, UK, Australia
- FTC Consumer Education Tips
 - <https://www.consumer.ftc.gov/articles/0519-irs-imposter-scams-infographic>
- Report to FTC, IC3, or Treasury IG for Tax Admin
www.tigta.gov or at 800-366-4484, local police, APS



Timeshare Resale

- Many people have timeshares, places like Branson, Mexico
- Can't afford to visit or maintain
- Advertise for sale
- Callers claim to have buyer
- Need upfront money for title, etc
- Claim it will be returned at closing
- Is no closing; total fraud



Addressing Timeshare Resale

- Several FTC cases froze assets, etc
- One with NJ mob guys
- Some \$\$ goes to Mexico
- Many prosecutions, esp in SD IL
- Complaints down; still a big problem
- New BBB study timeshares and timeshare “exit” companies
- Report to FTC, IC3, your State Dept of Real Estate, local police, APS

Lotteries and Sweepstakes Scams

- *You just won a foreign lottery! All you have to do is deposit a cashier's check and wire back money to pay for taxes and fees associated with your prize...*





Prizes/Sweepstakes/Lotteries

- Massive amounts of fraud
- Largest total after debt collection and ID theft (FTC)
- 150,000 complaints US/Canada 2017; \$115M lost
- Not rare
- Hits older consumers disproportionately – about half > 60
- 82% of the time people use money transfer for this



How Do These Scams Work

- Contact by mail, email, social media or by phone
- Tell people they have won a lot of \$\$
- Build excitement
- Can we bring a TV crew?
- People think of good things they could do with \$\$, often for others
- But need \$\$ first; taxes, fees, etc
- There is no grand prize



Universal Information Services

- Mailings all over the world telling people had won \$2.7 M.
- Had to return \$20 in preaddressed envelope
- Collected \$12M in this over several years
- Got nothing for \$\$

FIRST AND FINAL NOTICE

OVER £2,249,366.00 Prize Portfolio for Ms Barbara Johnson

- THIS ISSUE WILL NOT BE REPEATED.
- OVER £2,249,366.00 ELIGIBILITY.

Ms Barbara Johnson
 [REDACTED]
 [REDACTED] HEREFORDSHIRE
 UNITED KINGDOM

FIRST & FINAL NOTICE

- (1) This is FIRST & FINAL NOTICE of the guaranteed eligibility of Ms Barbara Johnson for specific over £2,249,366.00 Prize Portfolio.
- (2) This is the only notification you, Ms Barbara Johnson, will receive regarding this opportunity. This document will not be re-issued and is for your use alone to claim eligibility.
- (3) Complete and return the FINAL ACCEPTANCE document below - with signature and fee - for Priority Dispatch of the over £2,249,366.00 Portfolio to your Hereford home.
- (4) Your response deadline is 10/06/2013 to receive the most current information.

UNIVERSAL INFORMATION SERVICES (UIS) DOES NOT SPONSOR ANY SWEEPSTAKES, MAKE AN AWARD OF CASH OR PRIZES OR ENTER YOU INTO ANY SWEEPSTAKES. UIS SEARCHES FOR ENTRY PROCEDURES AND DIRECTIVES OF AVAILABLE SWEEPSTAKES AND CONTESTS THAT ARE CONDUCTED BY INDEPENDENT SPONSORS PROVIDING ENTRY INFORMATION INCLUDING SPONSOR SET DEADLINES. THIS IS NOT A SWEEPSTAKES OR AWARD NOTIFICATION AND DOES NOT GUARANTEE ANY WINNINGS. YOU HAVE NOT YET WON A PRIZE AND THIS IS NOT A PRIZE NOTIFICATION. UIS USES ALL DUE DILIGENCE TO COMPILE THE REPORT AND THE ENTRY PARTICULARS REQUIRED BY THE INDEPENDENT SPONSORS. YOU DO NOT NEED OUR REPORT TO ENTER ANY SWEEPSTAKES BUT THE VARIETY OF CASH CONTESTS PUBLISHED IN OUR REPORT ARE RIGHT AT YOUR FINGERTIPS AND CAN BE ENTERED FROM THE COMFORT OF YOUR HOME. UIS SAVES YOU TIME BY RESEARCHING SWEEPSTAKES AND CONTESTS FOR YOU. IF YOU WISH TO BE REMOVED FROM OUR MAILING LIST WRITE TO: UIS 3875 TELEGRAPH RD. STE. A PMB 408 VENTURA, CA 93003-3419 USA. AMS6DU1A

61067844268

DETACH AND RETURN IN THE ENCLOSED ENVELOPE.

FIN2ZU1C - FN1EMB

GUARANTEED **£2,249,366.00 FINAL ACCEPTANCE** **NON-TRANSFERABLE**

Valid for: Ms Barbara Johnson of Hereford
RETURN IMMEDIATELY IN ENVELOPE PROVIDED

- (1) Check name and address details and confirm as correct.
- (2) Sign below for £2,249,366.00 portfolio delivery to your home.
- (3) Enclose one-time only fee of £20.00 by cash, cheque or money order made payable to: U.I.S.
- (4) Return this document in the envelope supplied by 10/06/2013.

MS BARBARA JOHNSON
 [REDACTED]
 [REDACTED] HEREFORDSHIRE
 UNITED KINGDOM

YES - my details are correct. 61067844268
 (Append any changes below)

Your signature:
 X

FN7LU1C

FIN2ZU1C - FN1EMB

U.I.S. 3875 TELEGRAPH RD. STE. A PMB 408 VENTURA, CA 93003-3419 USA



Johnson Att. B



Use of Counterfeit Checks

- Often include counterfeit cashier's check in the mail, often 'advance on taxes' 'fees'
 - Consumer deposits check; \$\$ credited to their account
 - We all know cashier's checks can't bounce
 - Check bounces; bank takes \$\$ back-victim owes for entire amount
 - Next BBB Study in September
 - USPS seized \$62 billion of these 2017



Interdiction

- Seize the Mail
- Canada stopped \$4.5 Billion in checks
- Billions seized by U.S. Postal Inspectors
- UK is also seizing



By Phone

- Cold call
 - Often claim PCH, “Megamillions’
 - Often claim to be with FTC or FBI
 - Tell people will deliver Mercedes that day
 - Must decide now or prize goes to another
 - Again, must send \$\$ first
 - Eventually enlist victim to serve as money mule



What about victims?

- We're talking regular people just like us
- Common misconceptions:
 - I could tell if someone was lying to me
 - Only dumb people fall for this
 - It happens pretty rarely
 - Mainly seniors who are slipping
 - Where report? FTC, IC3, USPIS if mailing, local police, APS



Jamaica & Project Jolt

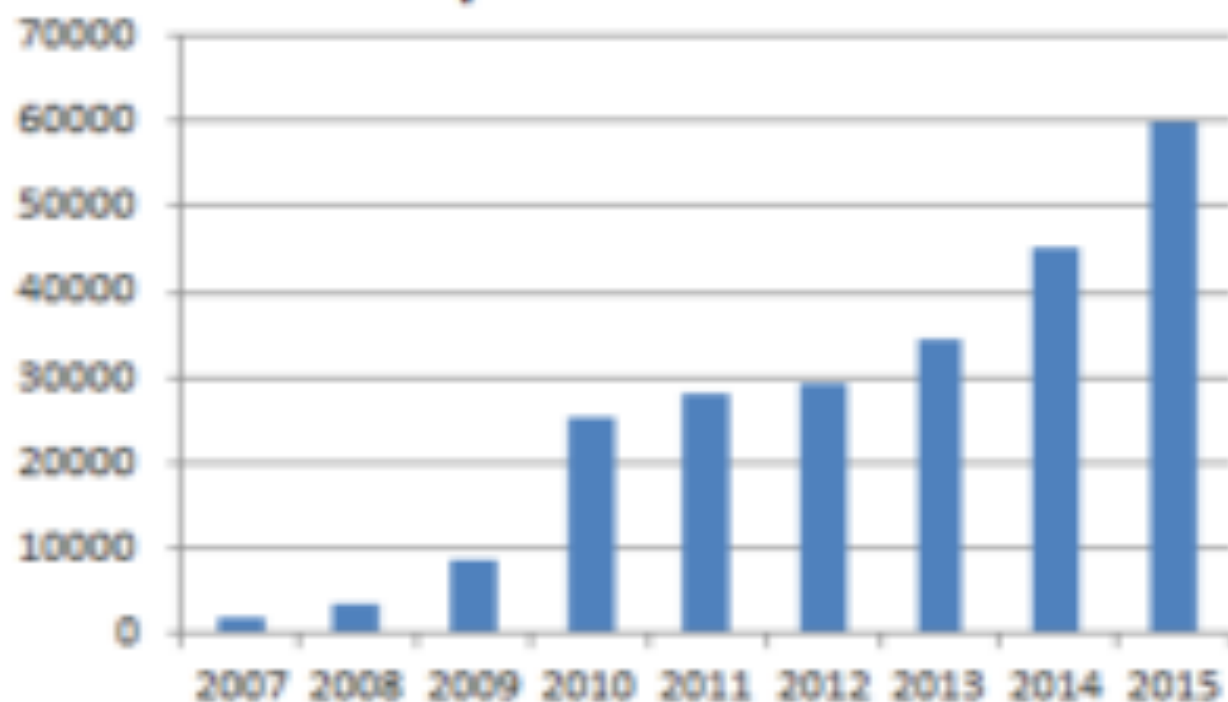
- Jamaica/Costa Rica are leading region for these crimes
- Concerted enforcement efforts
 - Homeland Security
 - U.S. Postal Inspection Service
 - Law Enforcement in Jamaica
 - FTC, Other agencies as well
- State of emergency in Jamaica
 - Jamaica twice the murder rate of Chicago
 - US Embassy Jamaica warning to US citizens
 - <https://jm.usembassy.gov/u-s-citizen-services/victims-of-crime/scams/>



Enforcement

- Hundreds of arrests
- Some recent convictions in Jamaica
 - North Dakota - 20 year sentence
- They have a new law
- First extradition to US
- Have arrested Jamaicans in US

CSN Complaints Against Jamaican Companies 07-15





Ages of Jamaican victims

- 62% over 60; 40% over 70
- 75% of dollar losses to Jamaica from those over 70
- 75% of the money through WU/MG



Use of “Mules”

- After clean out victims may offer some money back
- Just receive money from others and send it along to other victims and scammers
 - Usually wire the money, gift cards, mail or Western Union/MoneyGram
 - Or receive laptops or other goods and reship them
 - May be responding to threats



How Do They Get the Money?

- No point running a scam if you can't get the money
- Usually wire the money, mail or Western Union/MoneyGram
- We'll also discuss Greendot MoneyPak's
- Increasing use of gift cards, especially iTunes



Why Scams Prefer Money Transfers

- Wiring Money is like **SENDING CASH**
 - Can be picked up within minutes at multiple locations
 - Can be sent anywhere in the world
 - Cannot reverse or charge back the transaction once it's been picked up
 - Difficult to trace/identify the recipient



Enforcement

- Money Transfer Enforcement

- *FTC v. MoneyGram Int'l* (2009)
- *FTC v. Western Union* (2016)



Western Union

- They are providing complaints to Sentinel
- Settled criminal charges too
- Crooked agents they did not shut down
- Worldwide fraud
- Paying \$586M
- Admit criminal violations



Senior Safe Act (May 2018)

- Recently passed into federal law
- Allows banks, credit unions, investment advisors, insurance companies and brokers to report suspected financial exploitation of those age 65 and older to a specified regulatory agency, APS or law enforcement without threat of being sued.
 - If the company properly train employees the signs of financial exploitation.
 - Will probably in more cases being referred to federal investigative agencies for investigation and prosecutions.



Pass it On -- Help Your Friends and Family

- Try and prevent
- Share this information
- Look out for people with large amounts of dubious mailings
- Or if they are convinced they have won



How You Can Help Victims Who Have Been Scammed

- Encourage them to call MoneyGram or Western Union ASAP to report the fraud and ask for the transfer to be stopped;
- Call MoneyGram or Western Union even if the transaction can't be stopped;



Consumer Education

- FTC materials free and in bulk
- Info at Bakerfraudreport.com
- Can sign up for free weekly newsletter there



How to Turn the Tide

- Education, Enforcement, Training
- Education: studies, speeches, media
- Enforcement
 - Share information: agencies, countries,
 - Training in how to attack
 - Needs higher priority
 - Data and analysis critical
 - Don't be afraid to extradite



- C. Steven Baker
- steve@bakerfraudreport.com
- 708/445-0642