

From country/unit:

INTERPOL's General Secretariat – Financial Crime Unit

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MODUS OPERANDI

Type(s) of offence:	Investment fraud activities, committed for example by <ul style="list-style-type: none">- <i>Unlicensed digital investment schemes (UDIS)</i>- <i>Bogus stock brokers</i>- <i>Ponzi and pyramid schemes</i>
Date of the offence	Ongoing
Place of offence:	Global
Country of offence:	Global
Circumstances of offence:	<p>Digitally advertised and promoted investment and trading schemes often turn out to be unlicensed, unregulated, fraudulent or even ponzi or pyramid schemes.</p> <p>A lot of investors are lured by promises of quick and high returns and persuaded to invest lot of money. Afterwards, they often do not receive their invested money as the fake brokers from the given companies/schemes refuse to pay the investments back and they block the client's accounts. They then shut down the websites and escape with the victim's investments.</p>
Description of modus operandi:	<p>Various kinds of investment and trading platforms offered include:</p> <ul style="list-style-type: none">- <i>Binary options</i>- <i>Bonds</i>- <i>CFD (contracts for difference)</i>- <i>Commodities, goods and precious metals (such as crude oil, gold)</i>- <i>Cryptocurrencies</i>- <i>Foreign currencies and exchange (forex)</i>- <i>Index/indices</i>- <i>Mortgage</i>- <i>Shares</i>- <i>Stocks</i> <p>Such investment and trading platforms are promoted digitally via a domain name/URL, on social networks or text messaging service. Behind these advertisements there are often dubious investment and trading companies (lacking the required licenses), bogus stock brokers or similar players and actors. However, online advertisements and websites often look legitimate and are set up to look legitimate and professional.</p>

These criminals also use cold-calling tactics to lure investors and victims by pressuring them into opening an account.

According to the national laws of many INTERPOL Member Countries, firms and companies offering financial services must be authorised and licensed by their respective national Financial Conduct and Supervisory Bodies. Many of the dubious schemes and companies previously mentioned operate without a license (*unlicensed digital investment schemes UDIS*), which means that financial products, investments and trading opportunities are promoted and offered to consumers illegally.

Moreover, such investment and trading opportunities (for examples shares) are often either worthless or non-existent. Sometimes legitimate-seeming certificates and other documents are fabricated to trick clients into investing with these illegal entities.

By receiving cold calls and reading the online advertisements, consumers and investors are lured with the promise of quick gains and high rates of return with low risk.

On such websites, investors can open trading accounts and start depositing money directly via card payments or wire transfers. Once an account has been opened, investors are then put into contact with perpetrators (by phone or email) who claim to be official brokers or personal account/ finance/portfolio managers for an array of different online investment exchanges, and trading platforms or websites.

On the investor's online account, virtually-announced quick gains are usually shown to the client, however these gains are usually not real. The website is manipulated to make it look like these gains were actually attained.

Contact with investors is established and maintained by perpetrators who set up and operate out of fake call centres. Perpetrators are usually competent and knowledgeable in what they're trying to sell, and they succeed by gaining the trust of the investors by keeping in touch regularly and promising more gains. The victims are then persuaded and pressured into investing even more of their money over time in several lump sum payments.

Once the investors wish to withdraw their money from their accounts, in some cases the perpetrators will make excuses to not give them access to their money. As soon as the victims start making inquiries and realize that they aren't able to access their funds, the perpetrators then become unreachable and disappear. Following their disappearance, the website often shuts down and investments are lost.

Countries and their competent authorities have been making a big effort to tackle these types of investment fraud activities by publishing relevant information, warnings and blacklists.

National Financial Conduct and Supervisory Authorities and Bodies regularly issue warnings and announce the names of unlicensed investment companies/schemes on their websites.

For example, the United Kingdom (UK) has provided relevant information, prevention tips and material on the following websites:

Financial Conduct Authority (FCA):

<https://www.fca.org.uk/scamsmart>

<https://www.fca.org.uk/consumers/unauthorised-firms-individuals>

<https://www.fca.org.uk/consumers/report-scam-unauthorised-firm>

National Fraud Intelligence Bureau (NFIB) within the City of London Police:

<https://www.actionfraud.police.uk/>

<https://www.actionfraud.police.uk/a-z-of-fraud>

Points of contact: INTERPOL General Secretariat, Command and Coordination Centre
INTERPOL FCU – Financial Crime Unit

Recommended precautionary action:

It is strongly recommended that you circulate this purple notice to your country's law enforcement bodies to alert them about this modus operandi and to allow them to take whatever preventive and precautionary measures they deem necessary. All recipients are strongly encouraged to share data, and provide any investigative information relating to this modus operandi.

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