



**SINGAPORE
POLICE FORCE**

INTERNATIONAL TRADE- RELATED CREDIT CARD FRAUD

2 SEP 2015

Scope

- Introduction
- Nature of International Trade-Related Credit Card Fraud
- Concerns
- Role of CAD
- Factors affecting Freight Forwarders
- Suggestions



INTRODUCTION

Introducing Myself



- Mak Kum Kay
- Asst Director CAD
- Private Sector (1976 – 1977)
- SPF (1977 to Present)
- MOI Certified Trainer
- Adjunct Trainer with HTSCI
- Associate Member of IAFCI and ACFE

Commercial Affairs Department (CAD), SPF

- Principal white-collar crime investigation agency in Singapore.
- Safeguards Singapore's integrity as a world-class financial and commercial centre through vigilant and professional enforcement of the laws.

Three CAD Strategic Thrusts

- Enhancing Operational Capabilities
- Building Organisational Resilience
- Strengthening Community Partnership



NATURE OF INTERNATIONAL TRADE- RELATED CREDIT CARD FRAUD

Commercial Activity of Re-exporting

- Legitimate shipping activity where goods are transported to a third party or intermediate location (country) before being sent to their final destination.
- Common reasons:
 - Final destination port is closed or temporarily embargoed;
 - Efficiency & Cost-reduction - breaking bulk shipments into smaller loads for different locations or consolidating smaller loads pooled by multiple shippers into a larger single shipment.

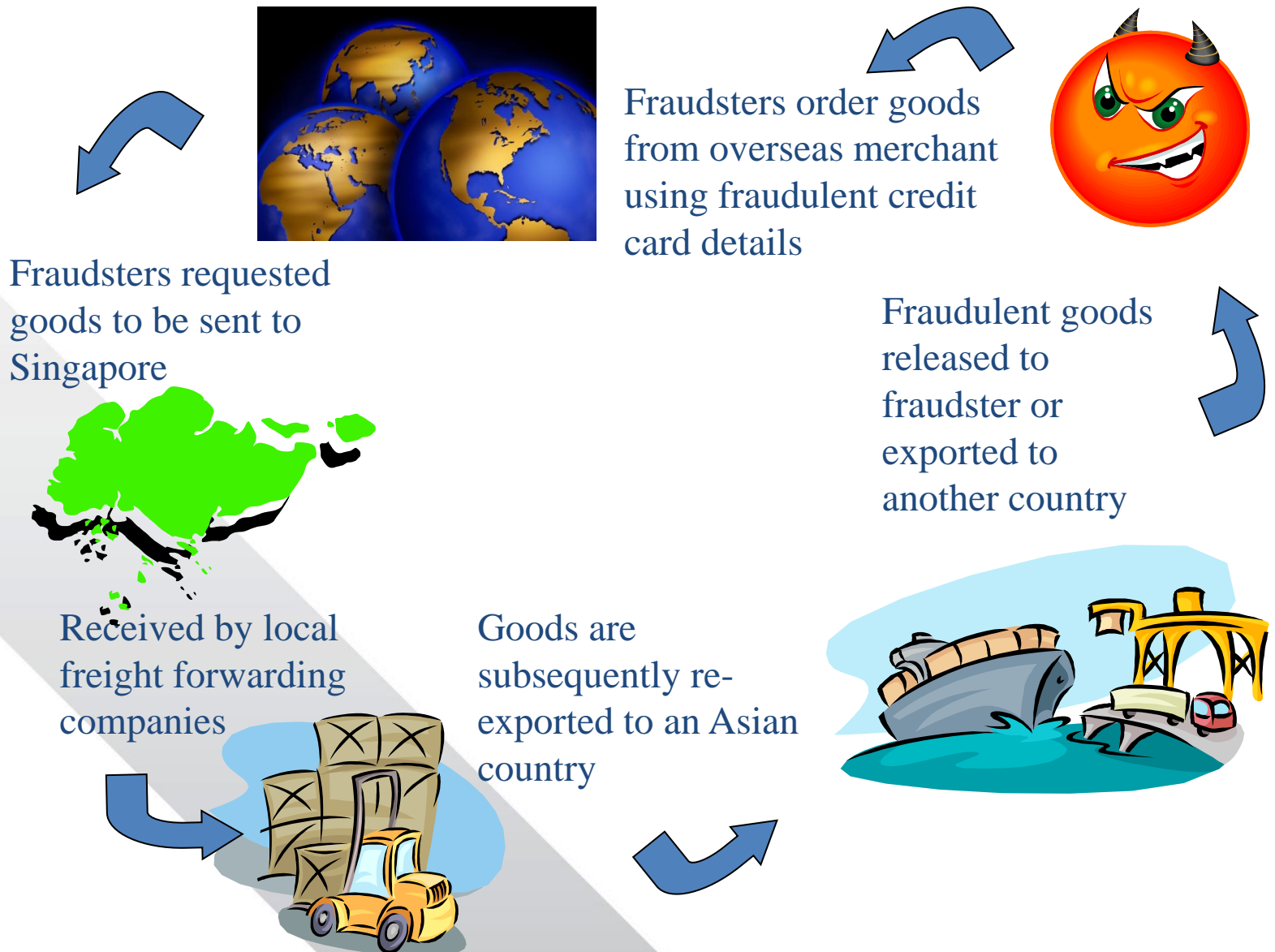
Nature of ITRCC Fraud

- Fraudster in Country A emails supplier in Country B to order goods using stolen credit card details.
- Fraudster conceals country of final destination and increases credence by providing the corporate particulars of a *bona fide* freight forwarder in Country C as the customer/consignee for the goods ordered.
- To gain trust, fraudster orders small quantity in first shipment followed by a substantial second or third order.

Nature of ITRCC Fraud

- When freight forwarder in Country C receives the shipment, fraudster instructs freight forwarder to re-export goods to Country B.
- Fraudster use mules or another freight forwarder to receive shipment in Country B.
- When victim (supplier) receives a charge-back from his bank, and realises he has been defrauded, the fraudster would have collected the stolen goods in Country B and disappeared.

ITRCC Scam Cycle



FILE
PICTURES:
ST. TREK,
ST. GIBSON



Foreign fraudsters use S'pore name to scam US firms

They use stolen credit cards to buy these products

REPORT: TAX AND AN
shian@...com.sg

THEY claim they are from Singapore and offer to buy things using credit cards.

Turns out they are credit card fraudsters based somewhere else.

These fraudsters have been making use of Singapore's good name to target usually small and medium-sized American companies with little experience in exporting.

Posing as Singapore or Singapore-based companies, the fraudsters use stolen credit card numbers to place orders

for a wide range of goods.

They range from aircraft parts and medical equipment to high-end bicycles and guitars.

The goods are then sent to Singapore, then immediately reshipped via freight forwarders to neighbouring countries where the fraudsters are really located.

The US companies are then held liable when the fraud is discovered by the credit card companies, usually much later.

By then, it is difficult to trace the shipment weeks or even months after a delivery has occurred.

The number of companies falling victim for it "has shown no sign of abating" over the past few years, a United States Embassy official told The New Paper.

In the past 18 months, the US Commercial Service received 80 reports from US companies that were defrauded by compa-

nies or individuals claiming to be in Singapore.

The fraud is usually at least US\$5,000 (\$7,000), but has run as high as US\$60,000 using multiple credit cards.

The US embassy official said: "From traffic numbers on our website and the number of unsubstantiated inquiries we receive, we estimate that only a very small percentage of those companies affected by fraud notify our office."

It has also received a handful of inquiries from companies from other countries, such as Australia or Canada.

These inquiries are referred to the High Commission of the respective country and they are not included in the tally.

Received complaints

A Singapore police spokesman said between 2003 and last year, the Commercial Affairs Department (CAD) received over 100 complaints from online merchants based overseas.

These companies said they've been deceived by fraudsters masquerading as Singaporeans or Singapore-based companies operating outside Singapore.

Said the US embassy official: "By doing so, they (the fraudulent buyers) are using Singapore's good name and reputation to lull the merchants into a false sense of confidence."

The US embassy official said while no one particular industry is being targeted, the victim firms are generally small and new to exporting, so "the damage from the fraud can be devastating to the firms".

The scheme was first detected in 2003, prompting the US Commercial Service to

post a warning on its website, saying US exporters were being "targeted" by fraudulent credit card transactions.

As a result of the warning, 28 American companies stopped products worth over US\$200,000 from being shipped to fraudulent buyers.

The US embassy official said it works closely with its FBI liaison as well as the CAD on such cases.

He said: "The CAD has reached out to freight forwarders and other potential transshipment hosts to alert them to this problem."

CAD investigations revealed that the fraudsters did not operate in Singapore.

Another method the overseas fraudsters use to deceive the merchants is by adding "Singapore" to the delivery address, when it is actually located in another country.

"The shipments are therefore not delivered to Singapore but diverted by international courier service providers to the fraudsters located overseas," said the police spokesman.

"CAD has been working closely with overseas police forces, other government agencies and industry players to tackle these cases."

US company didn't fall for it

Hercules Sealing Products in Florida received an order request for US\$40,000 (\$56,240) in hydraulic equipment around July or August last year.

The buyer wanted the goods to be shipped to a freight forwarder in Singapore. He claimed he was Indonesian, with a business in Indonesia.

Mr Acyr Borges, the company's vice-president of international sales, told The New Paper: "A lot of things raised the red flag."

The man gave a name that was not common in Indonesia and the order was placed via e-mail using a generic e-mail address from a free server, rather than a business e-mail.

An online search of the business address revealed that it was about a 10-hour drive from Jakarta.

The man wanted to pay using four or five credit cards but checks revealed that all the cards were stolen. The man couldn't even speak Malay or Bahasa Indonesia.

The order was then rejected. Said Mr Borges: "After we denied the order, he attempted again, with our offices in Europe and Canada."

He reported the case to the US embassy and the FBI liaison in Singapore. He said: "I know Singapore very well, I like Singapore, and this in no way impacts my image of Singapore."



Sample of Scam Email (1)

Date: Wed, 3 Aug 2005 13:32:39 -0700 (PDT)
From: info@centurypteltd.com (Century.Pte.Ltd)
Subject: FLUKE DTX-1800MS

Dear Sir or Madam,

I represent Century.Pte.Ltd my company have branches in Singapore. My company want to make a bussiness arrangement, we are seriously interested to buy :

FLUKE DTX-1800 ---->Qty : 1 unit.

I would like to ask you some point firts :

- 1.Could you ship it to Singapore ?
- 2.Do you accepted visa and mastercard on the payment?
- 3.Could you ship it by FedEx International Priority ?

I would like to hearing from you on your earliest time.Please reply directlyon the current e-mail address.Please don't hesitate to reply me soon.Thank you.

Sincerely

Mike Yang

Century Pte. Ltd.

Ariesta logistindo international 53 ubi ave 1 #05-51 paya

ubi-industrial park.

Singapore - 408934

Telp : +6591381559

contact : info@centurypteltd.com

Sample of Scam Email (2)

Date: Wed, 30 Jun 2004 13:39:47 -0600
From: dkruone@myrealbox.com (Sales)
Subject: Request Order

Dear Sir,

I have just visited your website.
I decide to make an request order directly from you.
Could you supply me for my request as below

This's my order list :
- Fluke 179 Digital Multimeter for 40 Qty.
- Fluke 337 Digital Clampmeter for 40 Qty.

Our store need these stuff because we have so many order from our costumer for this stuff.

About the payment method, I choose credit card for that. Because it's more faster and I dont have to wait for long for the process.

Please give me your best price of items and please Calculate the shipping cost by FedEx or UPS into my shipping address below :

Airtropolis Express (S) Pte Ltd
Consignee PT. Royal Cargo Persada MD
9 Airline Rd #04-17 Cargo Agents Bldg D
Singapore 819827

If this is best deal I will send my privat info via email.
Look forward to hearing from you .

Kind Regards.
Andy Lukmansyah.

Fake IDs and Card Face



Goods commonly shipped

- Jewellery;
- Vehicle/aviation parts;
- Bicycles and fishing equipment;
- Musical instruments;
- Phones, computer and printers;
- Medical equipment;
- Electrical and lighting equipment;
- Measuring tools; e.g. Fluke;
- Pumps and switches.

Countries targeted for ITRCC scams

- Austria
- Australia
- Canada
- China
- Japan
- Germany
- Netherlands
- Sweden
- Switzerland
- Thailand
- United States
- United Kingdom



CONCERNS

Sorry, we don't take credit cards from Singapore

Some US websites that give security advice have put the Republic on a blacklist of nations prone to online fraud

By **HUGH CHOW**

TRY to buy something online from some Internet retailers in the United States and you may find your credit card rejected, even though you have not busted your credit limit.

This is because some US websites, specialising in e-commerce retailing and advising online merchants to stop accepting all Singapore credit cards.

The reason: Singapore has been included in a group of "blacklisted" countries seen as likely sources of Internet-based credit card fraud.

"Our Advice is to just not ship to any of these countries. In the long haul, you will lose money," says a warning on one site, www.cartserver.com

The company behind it, which provides e-commerce services to retailers, reckons

the "vast majority" of orders from some countries, including Singapore, are fraudulent.

Another site — www.merchantfraudsquad.com — is telling retailers to check online orders carefully when the credit card information or billing address shows a Singapore connection. The website is run by The Worldwide E-Commerce Fraud Prevention Network, which has some 5,800 members including American Express, Barnes & Noble and Expedia.

It is difficult to gauge the level of influence this type of advice has within the online trading industry.

Indeed, many of the best-known US online retailers such as bookseller Amazon.com are unfazed by the prospect of this greater "risk" and continue to accept Singapore-issued credit cards.

The image shows two screenshots of websites. The top screenshot is for Go Daddy Software, featuring a navigation menu with options like 'HOME', 'ABOUT US', 'CONTACT US', 'FAQ', 'SERVICES', 'PRIVACY POLICY', 'TERMS OF SERVICE', and 'SUPPORT'. The main content area highlights 'Domain Names \$8.95' and 'Risk-Free Transfers \$7.75'. A sidebar on the right says 'Hot deals, BIG savings and the latest news'. The bottom screenshot is for The Recovery Emporium, which has a header with the text 'RECOVERY EMPORIUM' and a navigation menu. The main content area includes sections for 'Shopping', 'Automated Daily Readings', and 'Resources'.

Go Daddy Software, which sells Web domain names, and The Recovery Emporium, which offers services for groups such as Alcoholics Anonymous, are two sites that will not accept Singapore-issued cards.

But some lesser-known online retailers appear to have heeded the advice.

Mr Stephane Maes-Place, 46, who runs an Internet services company based in Tanjong Pagar, was puzzled when a US-based website Go Daddy Software, which sells Internet domain names, rejected his HSBC MasterCard last year.

The firm told him it was no longer accepting Singapore-based cards because of past run-ins with online fraud.

"I was shocked and surprised because I wouldn't have expected something like this to have happened in Singapore," said Mr Maes-Place.

When contacted by The Straits Times, a Go Daddy spokesman said that "due to a very high occurrence of fraud", it was unable to process transactions in several markets, including Bulgaria, Indonesia, Malaysia, Pakistan, China and Hongkong.

Another website that states it will not deal with Singapore customers "without extensive investigation and personal contact by telephone" is The

Recovery Emporium, which offers services for groups such as Alcoholics Anonymous.

Internet security expert Dale Martin, who is the principal consultant at Vectra Information Security, expressed surprise that online traders were being warned about the apparent risks linked to Singapore-issued cards.

"I know that quite a few American websites won't take orders from Asia but I hadn't heard that it was Singapore specifically."

He suggested that Singapore may have been included because of its close proximity to other blacklisted countries.

Meanwhile, credit card firms could shed little light on the matter. Visa International country manager Dennis Ng said: "As far as our data shows, we don't seem to see this. It isn't something that is staring out at me."

But he suggested that US-based merchants may be more reluctant to send goods to certain countries because they cannot verify the addresses supplied with these orders.

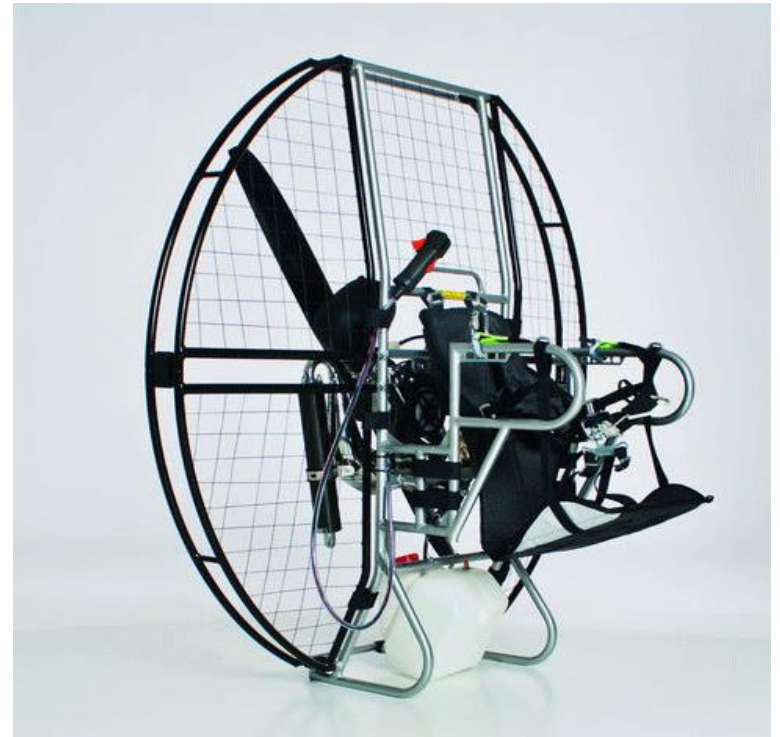
Countries with high e-commerce fraud (2013)

1. Latvia
2. Egypt
3. United States
4. Mexico
5. Ukraine
6. Hungary
7. Malaysia
8. Colombia
9. Romania
10. Philippines
11. Greece
12. Brazil
13. China
14. Indonesia
15. Russia
16. Singapore
17. Nigeria
18. Canada
19. Portugal
20. Switzerland
21. United Kingdom
22. India
23. Netherlands
24. France
25. Austria

Source: Sift Science

'Sensitive' Goods Ordered

- Benchmade and SOG Knives
- GPS Equipment
- Tactical Triad LED Baton Light
- Tactical Flashlights 150 lumens
- Extreme Super Bright Red Laser-sight Kit
- Green Beam Laser Pointer
- Tri Beam Laser Sight
- Garrett Super Scanner
- Parachute Harness
- Military Backpacks
- Paramotors for paragliding
- Respirators



Pictures for illustration only



ROLE OF CAD



SINGAPORE
POLICE



Crime Prevention – A Shared Responsibility

Stakeholder Engagement Programme



Ongoing Engagements

- Card Security Group
Singapore, VISA, MasterCard
and AMEX;
- SAAA, freight forwarders &
courier service providers;
- USCS, FBI, ICE, USSS, INP;
AFP;
- MTI and IE Singapore;
- Singapore's mission in DC.

Prevention Action

- Assistance to victims. Upon receipt of a complaint, CAD immediately contacts the freight forwarder to ascertain if the goods have been re-exported to 3rd country. If not, arrangements are made to avert losses by reversing shipment of goods to victim;
- If re-export shipment has been effected, CAD will assist to link up victim with 3rd country's police authority for follow-up.



FACTORS AFFECTING FREIGHT FORWARDERS

Factors affecting Freight Forwarders

- Difficult to distinguish between genuine and possibly fraudulent re-export shipments;
- Re-exporting to 3rd country is a common industrial practice;
- Delays means extra costs;
- Loss of corporate reputation;
- Possibility of financial losses:
 - Non-payment by fraudster for re-exporting goods to 3rd country.
 - Time and resources required to assist authorities during investigations and negotiations with shipper for re-shipment to country of origin.

Sample of Online Comment

Highly sophisticated scammer

beware of the scammer that uses the name Jimmy Dan

This scammer is highly sophisticated.

Scammer uses the name Jimmy Dan. He knows how to forge credit cards, driver's license and passports.

Email address : combrosshop@gmail.com

This scammer cooperates with freight companies located in Singapore. Hereunder two of them :

Global Mandiri PTE LTD
No.09 airlines road changi
Airfreight center #01-13,, SG, 918114
Singapore

FAF-FLYING TRANSPORTATION (S) PTE LTD
9 Airline Road #02-10A
Cargo Agent Building E
Singapore 918114
Phone 656 545 7038

Scam Scam Scam! do not ship to those addresses.



SUGGESTIONS FOR FREIGHT FORWARDERS

3 Suggestions for Freight Forwarders

- Knowing Your Customer (KYC);
- Velocity Checking of transactions;
- Establish industry-led framework/database for sharing fraud intelligence information and identifying red flags of potential fraud cases.

“Crime Prevention – A Shared Responsibility. Low Crime Does Not Mean No Crime.”





**SINGAPORE
POLICE FORCE**

THANK YOU