

**876-SCAM: JAMAICAN PHONE FRAUD TARGETING  
SENIORS**

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**HEARING**  
BEFORE THE  
**SPECIAL COMMITTEE ON AGING**  
**UNITED STATES SENATE**  
ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

WASHINGTON, DC

WEDNESDAY, MARCH 13, 2013

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## **876-SCAM: JAMAICAN PHONE FRAUD TARGETING SENIORS**

**WEDNESDAY, MARCH 13, 2013**

U.S. SENATE,  
SPECIAL COMMITTEE ON AGING,  
*Washington, DC.*

The Committee met, pursuant to notice, at 2:14 p.m., in Room 562, Dirksen Senate Office Building, Hon. Bill Nelson, Chairman of the Committee, presiding.

Present: Senators Nelson, Blumenthal, Donnelly, Warren, Collins, and Ayotte.

Chairman NELSON. The meeting will come to order. I am going to break all tradition and have our Ranking Member give the first opening statement.

### **OPENING STATEMENT OF SENATOR SUSAN M. COLLINS**

Senator COLLINS. Thank you very much, Mr. Chairman. That is typically gracious of you, and let me start by thanking you for holding this very important hearing. It has been a wonderful partnership that we already have and I think that this hearing is really important.

I also want to begin my remarks by thanking all of our witnesses who are here today, not only for appearing before our committee, but also for the assistance that you have provided to us in understanding the scope of the Jamaican phone scam and what could be done to combat it.

Two of the witnesses have made the journey from Maine to tell their stories, Kim Nichols, who knows firsthand the heartbreak of this sophisticated scam because her own father fell victim to it, and Chief Deputy Sheriff Bill King from York County, Maine, who is the leading expert in the law enforcement community and has worked nonstop to shut down this scam.

I also see in the audience representatives of FairPoint Communications, including the Maine State President, Mike Reed. FairPoint deserves much credit for bringing the Jamaican phone scam to my attention. I also want to salute the company for their efforts to alert the public.

But, most of all, I want to thank the Chairman for agreeing to hold this hearing. This committee has a great history of working together in a bipartisan fashion to bring to light the scams and swindles targeting our nation's senior citizens. I suspect that the Jamaican phone scam is one of the worst.

To most Americans, Jamaica is a tropical paradise, an island of lush green mountains and white sand beaches set in the clear blue

waters of the Caribbean Sea. We have all seen those ads, full of gorgeous scenery and upbeat music, calling Americans to come and feel the spirit of Jamaica. Millions of Americans have accepted that call, including 1.2 million last year alone. These tourists spend billions of dollars annually, money that is critical to the Jamaican economy, in pursuit of their dream vacations.

But beneath the Jamaica of those enticing ads and the tourist dreams lurks another Jamaica, one that brings nightmares to elderly Americans targeted by Jamaican criminals intent on swindling them out of their life savings. Every day, sophisticated Jamaican con artists place an estimated 30,000 phone calls to the United States in pursuit of their elderly victims.

The swindle usually goes like this. The scammer calls to tell the victim that he or she has just won millions in a lottery or a sweepstakes or a brand new car and all they have to do is to wire a few hundred dollars in up-front processing fees or taxes and their winnings will be delivered. Often, the criminals will tell their elderly victims not to share the good news with anyone so that it will come as a surprise when the family finds out.

Well, of course, no such winnings are ever delivered because no such winnings exist. The elderly winners get nothing but more phone calls, sometimes 50 to 100 calls per day, from scammers demanding more and more money. Behind those calls is an organized and sophisticated criminal enterprise overseeing boiler room operations in Jamaica. Indeed, the money scammed from the victims helps to fund organized crime in that island nation. Criminals once involved in narco-trafficking have found that these phone scams are both more lucrative and safer.

Expensive lead lists identify potential victims. Satellite maps are used to locate and describe their homes to make it appear that the caller is familiar with the community. Elaborate networks for the transfer of funds are established to evade the anti-fraud systems of financial institutions.

To keep the money coming in ever-increasing amounts, oftentimes, the impostors adopt a variety of identities. Some spend hours on the phone convincing the seniors that they truly care for them, that, indeed, they are in love with them. Victims who resist their entreaties begin receiving calls from Jamaicans posing as American government officials, including local law enforcement, the FBI, the Social Security Administration, and the Department of Homeland Security. They ask for personal data and bank account numbers so that they can solve the crime. These Jamaican scammers are masters of manipulation, playing to their victims' fears and emotions until they have drained them of every dime.

Some of my own constituents have lost more than \$100,000 to these scams. Others have lost their homes, their cars, their financial independence, not to mention their security and their dignity. Even then, the con artists continue to pursue their prey with a heartlessness that is difficult, if not impossible, to comprehend.

Just listen to this actual recording of a Jamaican phone scammer and an elderly Maine victim available to us courtesy of FairPoint Communications.

[An audio recording was played.]

That is what we are talking about. That is how bad this scam is. That is how heartless the perpetrators are. And that is just one phone call to one victim. It is the tiniest tip of a giant iceberg that ought to scandalize the people of Jamaica.

Incredibly, though, some in Jamaica embrace this scamming culture and even celebrate it. Last year, two of Jamaica's leading rap artists released a song with lyrics saying that the scammers are stars and the money they steal is reparations.

The new government in Jamaica has finally passed some new laws targeting the scammers, but I am deeply troubled that it has taken Jamaica so long—years—before getting serious about this problem. For far too long, Jamaican authorities turned a blind eye to this fraud, which was illegally bringing an estimated \$300 million annually to their economy.

I am also troubled by the lack of an aggressive and coordinated effort on the part of U.S. Federal law enforcement officials to protect our nation's most vulnerable senior citizens. Our parents and grandparents worked hard their entire lives and saved for retirement. They should not be targeted by criminals who want to rob them of their hard-earned savings.

While I believe that our Senate hearings will increase public awareness of these schemes, it is also critical that governments at all levels and across international boundaries work together to shut down these con artists before their sophisticated scams exploit yet another trusting senior citizen.

Again, Mr. Chairman, I want to thank you so much for holding this important hearing.

#### **OPENING STATEMENT OF SENATOR BILL NELSON, CHAIRMAN**

Chairman NELSON. Well, there you have it. That is an excellent summary. I participated in one of those conversations yesterday and heard the relentless schmoozing that went on, and then the schmoozing turned into aggressiveness, and that is what happens to vulnerable seniors.

I have talked to the Jamaican Ambassador. One of the things that we want to do—and I will be visiting with the Attorney General—we want to see somebody indicted, and then, when I pressed the Jamaican Ambassador, we want to see them extradited to the United States. That will have a chilling effect on a number of these people who think that they are bulletproof.

What Senator Collins said is true, and this is just one type of scam. Often, we find where scams are going on, the street crime actually goes down. The drug trade actually goes down. We had a similar—another type of scam, not necessarily targeted at seniors, that was in Tampa and Miami, stealing people's identity and filing false income tax returns to get the income tax refunds. The local police department said, it is incredible how all the B&Es went way down, the other street crimes, because they had found that they can use a laptop instead of a crowbar.

Here, we have the use of technology, getting these lists so that they have a target list of calling vulnerable seniors and then preying on that vulnerability. There is an obligation in society that we have to take care of the young and the old and we have the respon-

sibility here in this committee to elevate this issue and to try to do something about it.

Now, there are an increasing number of complaints that are coming to the fore. This is just going to increase. No telling how many billions of dollars. The FTC believes that up to 90 percent of the scams are never reported because the victims are embarrassed or they are afraid.

And so these tragic stories that you will hear today—you will hear stories like Stuart Childers, a Central Florida resident whose mother ended up on an FBI watch list for money laundering because she wired nearly \$300,000 over an 18-month period in an attempt to claim her prize. That is so sad.

And Neal Hines of Gainesville, his father lost \$100,000 in an effort to receive what was reported to be the prize. They use the same number, Senator Collins, two-and-a-half million dollars. That is what happened to the constituent in Gainesville. That is what happened on this call that I participated in yesterday.

Last week, in Miami, I talked to a financial planner, David Treece. He had to sue his own client in order to get a guardianship that could stand in the place of her because she was so vulnerable to this attack after she had already spent \$400,000 in fees in Jamaica, and she had been seduced to think she was going to get \$7 million of winnings. And we have on the panel Sonia Ellis to tell about her mother, a Siesta Key resident, who lost over \$64,000 to these fraudsters.

And so what makes these lottery scams different from other fraudulent schemes that are targeting the elderly? Well, they target the most vulnerable and then they are relentless. You should have heard on the phone yesterday. I am sitting there participating in this call. The call is hung up and the phone is ringing again, and again, and again.

One elderly victim was called 59 times in a single day by the same scammer. But the harassment does not stop there. These are con artists. They threaten. Susan told you about posing as law enforcement, in one case, even posing as the FBI. By the way, there is an indictable crime right there, and I will be visiting with the Attorney General about that.

And so this kind of sophisticated scam needs to be put out into the open and we need to see if we cannot limit it.

So we have got this Joint Task Force that is going on. We want to go beyond that Jamaican-U.S. Task Force, and we will hear about that today. So we have got this star-studded panel.

First, we are going to hear from Kim Nichols. She will share the story of her father, a retired airline pilot from New Hampshire.

Then we are going to hear from Sonia Ellis. She is going to share the story of her mother, who sent many thousands of dollars to the fraudsters.

We are going to hear from the sheriff, Sheriff King from York County, Maine. He spent 26 years in Federal law enforcement. He has become an expert on the Jamaican lottery scam and he has been on dozens of cases.

And then we are going to hear from Robert Romasco, President of AARP. He served on the board since 2006 and he is accompanied

by Doug Shadel. Dr. Shadel is the State Director of Washington's AARP and is a leading expert.

So, Ms. Nichols, let us start with you. And, each of you, your full statements are put in the record. If you will give us about five minutes, we are going to go right on down the line, and then we will open it up to questions. Ms. Nichols.

**STATEMENT OF KIM NICHOLS, DAUGHTER OF JAMAICAN  
PHONE SCAM VICTIM**

Ms. NICHOLS. Good afternoon, and thank you, members of the Senate Committee on Aging, Chairman Nelson, and Senator Collins, for making it possible for me to be here today to tell my dad's story.

My name is Kim Nichols and I am from Maine. I am a mother of twin 14-year-old boys. I am the wife of a military pilot. And I am the daughter to my father, Bill, from New Hampshire, who I never thought I would tell you was a victim of a scam. But I sit here today and he is a victim.

He is a retired Navy and commercial airline pilot who lost over \$85,000 to the Jamaican lottery scam. It began with a phone call from an 876 area code and ended with a pair of scissors and two police officers standing in his living room. If you think that sounds crazy, it is because it is.

For my dad, he received a call from someone saying they were from Publishers Clearinghouse, the promise of a new car and a large amount of money, and the chance to help the people that he loved. All he had to do was send a \$500 transfer fee. The one scammer quickly became more: The reassuring people from the Lottery Commissioner's Board, Better Business Bureau representatives, Customs agents, IRS, and FBI agents who provided local job descriptions and even badge numbers.

Of course, there was Diane, the secretary, who was the company secretary from MegaBuck who was supposed to be the one, the company that handled the prizes. She spent lots of time getting to know my dad on the phone, getting him to trust her and taking advantage of his kind and generous nature. Her phone calls would reassure him in between all the phone calls that came from the other male callers, who pressured, harassed, yelled at, and scared my dad into sending checks to various people all over the country.

They instructed him to withdraw cash and purchase GreenDot cards from the local Wal-Mart. He would load the cards with cash and then call into a phone number and scratch the PIN number off the back and read the card, or the PIN number for them to access the money. I found \$40,000 worth of GreenDot cards so far.

They would yell at him while he was on the phone standing in the bank in line, on his cell phone, as one of the bank managers told me later. She said, he would be shaking so violently from head to toe, he could barely fill out the withdrawal slip. The cash would then be sent to a scammer or another victim who was unwittingly becoming an accomplice in the scam.

We knew nothing of it as first, as the scammers convinced my dad to keep it a secret, as Susan Collins said, and let it be a surprise. I knew at one point that he had gotten a phone call and a

promise of a car, but he reassured me that he had gotten his deposit check of \$500 back.

I did not know how bad it was until in April, when he was supposed to have some surgery. I was getting ready to go down to take him to the hospital, and two days before I got there, his phone number had been changed. I could not reach him. He called, horrified that his phone number had been changed without his knowledge.

I called FairPoint Communications, who handles his phone service, and they explained to me that this is how the scam works. I remember thinking it could not be as bad as they possibly said that it was until I got down there, and after we got him home from the hospital. His phone would ring off the hook with him. They would be harassing and yelling at him. He was begging and pleading with them that he was in pain, he had just had surgery, and he could not possibly drive anywhere to go get the money to send them.

I begged and pleaded with him not to talk to them anymore or to Diane. He said to them that he only wanted to talk to Diane and he told me that she was not like them. He trusted her. He would end his phone call saying, "I love you," not in a romantic way but more of a companionship way, because he lived alone.

They seemed to have a strange hold on him. It was not really my dad anymore. It almost seemed like he was brainwashed.

Chairman NELSON. Mm-hmm.

Ms. NICHOLS. I left without being able to help him at that point, and I could not get him to promise that he would stop talking to them, and especially Diane, and I really did not know how much money he had lost.

In late May, at my sister's wedding in Cape Cod, I saw how awful my dad looked. He had lost 20 pounds since I saw him in April. He was still yelling at people on his cell phone. He was barely eating, and he was very confused.

I ended up at his house in New Hampshire and collected everything I could find having to do with the scam—the GreenDot cards, the mail receipts, the letters that they had written to him trying to get him to make good on checks that they supposedly never received. I found lots of pieces of paper with names and numbers and addresses scrawled on them.

A scammer from Jamaica contacted FairPoint and tried once again to have his phone number changed. He impersonated my dad, and FairPoint was able to route that call to Chief Deputy Bill King's office, and they recorded it. The scammer was posing as my dad. He had his Social Security number and his personal information, his date of birth, to try to isolate him further. Just like Senator Collins said, they stop at nothing.

I filed a self-neglect report on my dad with DHHS because I was afraid we would have to try to get conservancy, but I was told from lawyers that it would take months to do that. So I ended up having to call the police on my father. He refused—I wanted him to come to Maine, but he refused to leave. I called the police and asked them to come help me convince him to go.

As he reached—he decided he wanted to try to call Diane one more time, and I begged him not to. As he reached to plug the phone in, because he had it unplugged at that time because his

phone was ringing between 85 to 100 times a day—he reached to try to plug the phone back in and I cut it with a pair of scissors. And then the police showed up and told my dad that he needed to either come and go get in the car with me and come to Bangor, Maine, or they would take him to the hospital to have a psychiatric evaluation done. That is how we got it to stop then.

He decided to come with me, and at my kitchen table that night, we added up all of the receipts and went through all the paperwork. I handed my dad a calculator and he added up his lost amount, \$85,000. He was stunned and silent. He really had no idea how much he had sent.

We had an intervention the next day with the only people that gave me any help at the time, FairPoint Communications security team and Chief Deputy Bill King of the York County, Maine Sheriff's Office. Even with that, the next day, my dad—I brought him home and he picked up the phone and called Diane and told her that if this was real, she would meet him at the post office with a check at noon. He went and waited and waited and then nothing. He returned home and called FairPoint with the final phone number, the contact information for Diane.

Since then, my dad has lost two Social Security checks. They have called the local police department and the Post Office, trying to pose as a nephew trying to get back in touch with my dad. They are arrogant and they are clearly—they clearly know that they can continue without consequence.

Throughout those six months, I made over 100 phone calls trying to get help from local police to Postal Inspectors. I called the FTC. I called the Immigration and Customs Enforcement Office. I called the IRS and the FBI and the Attorney General's Office. The responses were always the same. I got diverted to a prevention Web site or was told, "We do not handle those cases. We do not have jurisdiction in Jamaica," or "There are just too many of them," and "Just get your dad to stop sending the money," or "Tell him to hang up the phone."

No one would help. It was incredibly lonely, watching my dad's life and everything he saved for unravel right before my eyes. I could not find anyone to help except his phone company and a Maine Sheriff's officer. That just seemed ridiculous to me.

This is not just a typical scam and it is not only the responsibility of the Jamaican government. It is our responsibility. Someone besides the phone company has to take this on. We have to investigate, prosecute, extradite, and be there for the victims and their families. Please do something, I beg you.

You have no idea how horrible this is. Sonia and I understand, because we have been under that roof, and we understand. We have seen it and we have lived it and we know exactly how that feels.

I am speaking on behalf of the thousands of people whose lives are ruined by this. These are our parents and our grandparents. We would never let this happen to our children. They are vulnerable and they need our help. I pray that you will not just give this lip service today. And please know that this has been going on unchecked for years. Nothing has been done on the ground and on the

Federal level for the victims and their families to stop this or to help them. That is why I am here.

On behalf of my family, thank you for taking the time to hear my testimony and for giving this the careful consideration and action that this deserves. Thank you.

[The prepared statement of Ms. Nichols follows:]

Statement Of  
Kim Nichols  
Special Committee on Aging  
“876-SCAM: Jamaican Phone Fraud Targeting Seniors.”

March 13, 2013

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Good afternoon and thank you members of the Senate Committee on Aging, Chairman Nelson, and Senator Collins for making it possible for me to be here today to tell you about my father, Bill and the ordeal he had last year with the Jamaican Lottery Scam.

My name is Kim Nichols and I am here today as a wife, mother of twin boys, teacher and daughter of a man who a little over a year ago, I would have told you would never, ever be the victim of a scam, of any kind. Unfortunately today, I sit here and tell you that now he is a victim, a victim of an incredibly cruel scam that preyed on his kind, generous and trusting nature and the fact that he lived alone.

Somewhere around early January of last year, my dad received an 876 area code phone call from a man who claimed to be from Publishers Clearing House. He congratulated my dad and told him that he'd won a car, and a large sum of money. He assured him that this was real and that he would just need to pay a \$500 transfer fee to have the vehicle shipped to him. When he expressed doubt, he was again reassured and congratulated. Following this phone call were several other calls from people claiming to be from the Nevada Lottery Commissioner's Office and the Better Business Bureau further reassuring him that this was legitimate and also offering their congratulations. At some point during one of these calls my father began to allow himself to be convinced and to think about what he would do with the car and the money. He began to think of the people in his family that he could help with the money.

At some point not long after that initial few calls, a woman named Diane called and spoke kindly to my dad and began to ask him questions about what he would do with the money. She befriended him and began to build a friendship over the phone with him. He liked talking to her and started to trust her. She said that she was the secretary to the CEO of Mega Buck, the company that handles the prizes

for Publishers Clearing House. She began to give my dad instructions on where and who to send the money to. At this point, we did not know about the scam or that it was going on. My dad was told not to tell anyone in his family. He was to let it be a surprise. He began receiving calls from other men claiming to work for this company. He was asked to send checks and call in Green Dot money pak pin numbers to various names of people in various states. The phone calls became more frequent, more persistent, more intimidating. Less and less did my dad like talking to the men on the phone. He preferred to talk to Diane, all along with the promise of the prizes just around the corner.

At some point last January, I heard about a scam on a local news report. They would target seniors with the lure of a car and a large check that they'd supposedly won. At my house, we had been getting calls from 876 numbers, sometimes 15 a day from people looking for a woman named Agnes Nichols who had gotten a pay roll advance or who had a warrant out for her social security number. I had even called our local police department about these calls. I wondered if maybe my dad had been getting them, too. He had sounded a little more stressed than usual lately, so I told him about the scam in the news reports. I asked if he'd gotten any calls. He was quiet and then evasive. When pressed, he admitted that he'd been called and promised a car but that he had already taken care of it and that he'd gotten his deposit back from them. He promised me that it was over and it was taken care of but wouldn't offer any more details and quickly changed the subject.

I regularly asked my dad if he was getting calls and he always quickly dismissed my questions and assured me that everything was alright. It was not. In April I was to go to my dad's and help him while he had some surgery. I noticed that he seemed under a lot of stress. I figured he was nervous about the surgery. I tried to reach him on April 6<sup>th</sup> or 7<sup>th</sup> and wasn't able to. His number was no longer in service. I couldn't figure out why that would happen. After frantically trying to reach him without success, he contacted me using his cell phone and said that someone had changed his number without his permission. This made no sense to me. When I asked who would do that, he said that he thought it might be, "that FBI guy." He said, "maybe I shouldn't have trusted him." "I told him that I would contact FairPoint Communications, his phone company and find out what was going on. I was put in touch with their security team and was told that this was likely part of the scam. They explained that had the number changed so that only

they could reach him. That was horrifying to me. I really didn't understand what they were trying to explain to me. I told them that he wanted his number changed back. They recommended changing it to a new number but my dad insisted it go back to the original number.

I arrived at my dad's house late the night before his surgery and we left early the next morning. When we returned 2 days later, I noticed that his phone was ringing a lot and that he seemed very agitated by the calls. He tried to take the calls alone so that I was not in the room or he would go in the bathroom and close the door to talk. The calls became more frequent and he would not let me answer them. When I asked him what was going on, he wouldn't explain it. He began getting frustrated with the people calling and told them that he had just had surgery and couldn't get to Walmart or to the bank. I quickly figured that he must be talking to the scammers. When I tried to answer the phone, they would hang up or he wouldn't let me get to it. He would yell at them and tell them that he only wanted to talk to Diane. Of course, a few minutes later, Diane would call and he would calm down. She would apparently reassure him that he didn't need to do anything that day and that he needed to rest. He appreciated this calmer tone from her. When I asked to talk to her and let her explain this whole thing to me, he gladly handed the phone over. She told me the same story she had told Dad. When I questioned it, she was calm and seemingly professional. When I told her that it was a scam, and that I wanted her and all of them to stop calling my dad, she tried to assure me that it was the real deal. I hung up the phone. My dad proceeded to call her back even as I was pleading with him to realize that he'd been duped. When I asked why he would want to call her back, he said he needed to thank her for taking the time to talk to me and to apologize for my hanging up!

This is when I realized how difficult this was going to be. I called the local police for help. I called the attorney general's office, the FBI, ICE, the postal inspector's office, the FTC, and the IRS. I made over 100 phone calls trying to get someone to help me get this to stop and to explain what was happening to my dad. I was told repeatedly that this was not something that they dealt with, they had no jurisdiction in Jamaica, there were not enough agents to investigate cases like this and to just make my dad stop on my own. I felt like I had nowhere to turn and I couldn't get my dad to believe me that he was being scammed. I felt like I was watching my dad and his life unravel right before my eyes and I had no idea how to stop it.

The only place I found some help was with FairPoint Communications' security team and Chief Deputy Bill King from the York County Sherriff's Office in Maine. They instructed me to get his number changed to an unpublished number, which we did. They explained how this cruel scam worked and told me that it would be difficult to get it stopped.

I had to leave my dad a few days later, not being able to get him to promise that he wouldn't contact Diane. He seemed to think that she had nothing to do with any scammers. He wouldn't tell me how much money he'd sent. I figured it must be roughly \$10,000 by now. I was very wrong about that figure.

Over the next few months I called his credit card companies, banks, and the post office where he lived and told them about what was happening to him. I begged them to help me figure out how to put a stop to this. With weak assurances from my dad that everything was alright, I had to trust him that he was stopping on his own.

In late May while in Cape Cod for my sister's wedding, my dad arrived at the hotel with his cell phone in hand. Then shortly after, he was in the yard outside yelling at someone on his phone. It felt like someone hit me in the stomach. I realized that in the middle of my sister's wedding week, my dad was still being scammed for now what must have been 5 months or more.

In early June when we returned from the wedding, I again contacted FairPoint and Bill King for help. Bill contacted me back that same day with a voice recording they had just received of a Jamaican scammer impersonating my dad to FairPoint, trying to have my dad's number changed again. When pressed for the verbal password, he quickly talked about how stressed he was and how little sleep he was getting because he was being scammed and receiving calls day and night pressuring him for money. He couldn't remember where he'd put the notebook with the password in it and that he could provide my Dad's Social Security number and date of birth, which he promptly did. I was horrified listening to this man pretending to be my dad, clearly using the very things that my dad and other victims probably told him about being stressed out and how he was ready to have a nervous breakdown over all of this. I realized quickly how professional and how complicated this scam really is.

I told Bill that I would get to my dad's as soon as possible. I left my family, my now ill husband and went to my dad's. I arrived on a Sunday morning while he was at church and gathered all of the things I could possibly find that had to do with this scam. I found many, many bundled envelopes of Green Dot money pak cards with receipts from Walmart attached, scraps of paper with names, addresses and phone numbers frantically written in barely legible handwriting, lists of other names, and postal return receipt requests. Some of the names were of supposed IRS, FBI, Treasury Department and Better Business Bureau people. Others appeared to be other possible victims whom he likely sent money to. His house was in shambles, paper everywhere, pipe tobacco all over the floor and counters. There was nowhere to sit, the table and counters were covered. I had never seen his house in such a state. He had the phone unplugged to stop the incessant calls that were now coming in day and night, between 85-100 times a day. When I plugged the phone in to contact one of his credit card companies, there was a scammer on the line asking for my dad, claiming to be his brother. I screamed into the phone, filled with rage at this person who was doing this to my dad and to my family. I lied and told him that the police and FBI were coming for them, and that it was only a matter of time. He swore at me, at the police and to the FBI and slammed the phone down.

I called the local police and told them what a state my dad was now in, that he was shaking now violently, that he had lost over 25 pounds since his surgery in April and was talking of likely dying and/or having a nervous breakdown. I filed a self-neglect report to DHHS to try to get someone to help with this. They all told me there was little they could do. I contacted my dad's lawyer and we were able to get him to agree to at least update his Power of Attorney and Trust documents in case we couldn't get him to stop completely. We were lucky he agreed to do this. I was afraid we'd have to take him to court to keep him from losing everything. This is what I was told would likely happen, by Bill King and FairPoint security.

I got my dad to stop but it took literally cutting his phone line with a pair of scissors to keep him from calling Diane one final time. I had to call the police to have them come and tell him that he needed to come home with me for a while or that they would take him to the hospital to have him evaluated. It was humiliating for him and for me. It was the most traumatic time for my family, husband and kids. We had to have an intervention-type meeting with my dad at the FairPoint

offices in Maine, to walk him through another victim's story to get him to see that he wasn't the only one that this was happening to. I begged, pleaded, cried and yelled through all of this and he still called Diane one final time, to see if she would meet him at the local post office with a check. He went there and waited but nothing happened. He returned home heartbroken, and called with the final phone number for Dianne. This was the one phone number he'd refused to give up to us.

When I handed the calculator to my dad after combing through all of the credit card bills, bank statements and stacks and stacks of used Green Dot money pak cards, he totaled up over \$85,000 lost to the Jamaican Lottery Scam. He sat there, hands shaking, pale and speechless. Not a penny would he get back.

I am here for my Dad who is no longer the strong, self-assured, healthy man he was prior to this. The military pilot who proudly served his country. The retired commercial airline pilot who flew for 36 years. The oldest son of 7 who helped take care of his family when his dad passed away on his 19th birthday. The man who protected and could account for every cent, who never liked to owe money or couldn't bear the thought of not balancing a checkbook to the penny. That man is now uncertain, overwhelmed, financially strained and fragile. That man now has had part of the American dream that he worked so hard for, all of his life, cruelly robbed from him.

He feels like I do, he wanted so badly to help others with the money he'd won, now he just wants to help others not have this happen to them. We have to stop this. These are our parents, grandparents, aunts and uncles. They deserve to be protected, not dismissed or minimized. They are one of our most vulnerable populations and they are in our care now. We have to do something or this will continue to get worse. I've heard them. These scammers are arrogant, professional and cruel. They've since managed to re-route 2 of his Social Security Checks into other banks and even called my dad's local police department and the post office claiming to be a nephew trying to reestablish contact. Clearly they are operating without any concern of being caught. They know they can get away with it. How can we let that happen?

I have learned a lot this year. I, like my dad am not the same person I was a little over a year ago. I know now that we have to do something and it is not something

that simply FairPoint, Bill King, you or I can fix alone. This will take all of us calling stores with money transfers and prepaid cards and asking management to train customer service staff how to ask questions and offer help to suspected victims, to ask companies not to share address lists (aka. sucker lists) without the consumer's permission, to talk to our friends and families about scams. It will take all of us to ask for phone companies to protect their customers by figuring out ways to really block 876 numbers, to make "masking" overseas and other numbers illegal and to be able to put some teeth back into consumer protection through the postal system and through internet providers. I ask this committee to help make it possible to investigate, prosecute and extradite these criminals who are domestic and abroad and to help us protect and educate our most vulnerable citizens. Please make this a priority. I ask you on behalf of my father and all of the other victims who are out there, and for their families who are suffering from this as well. Please do something. Thank you again for allowing me to be here today to tell Dad's story. My family very much appreciates the careful consideration we know that you will give this matter.

Chairman NELSON. And we are going to do everything in our power to make sure that there is action.

And, unfortunately, a similar story from Ms. Ellis.

**STATEMENT OF SONIA ELLIS, DAUGHTER OF JAMAICAN  
PHONE SCAM VICTIM**

Ms. ELLIS. Good afternoon. I would like to thank Chairman Nelson, Ranking Member Collins, and the Senate Special Committee on Aging for inviting me to speak at your hearing on Jamaican lottery scams. It is a privilege to be here.

My mother's story began on December the 8th, 2008, when she was randomly called and told she had won \$4.5 million in a Las Vegas lottery. My mother was very excited, and she told her friends, who told her it was a scam. Luckily, they reported it to the property manager of where she lives. The next day, my mother sent \$300 via Western Union.

Over the next 13 days, my mother sent \$25,500. I was made aware of this by the manager at Peppertree. I tried to stop a \$3,000 transfer to Indiana, but could not, from the Bank of America. The largest amount my mother ever sent was \$19,500. However, I was able to get this back. From January the 5th to the 17th, 2009, my mother sent away another \$10,850.

I realized then that my mother was going to keep sending money, regardless of who spoke to her, so I flew down to Florida—I live near Toronto—on January 31, 2009. While staying with my mother, she continued to talk to the fraudsters. One day, she went to the bank, and she withdrew \$8,000 from Bank of America, then deposited it into her Wachovia account. The bank manager saw her leave with all this cash and became very worried about her safety, so followed her to the Bank of Wachovia.

I happened to be at the Peppertree office, and we got the call from the bank manager to the property manager saying, "Mrs. Goodwin has gone with \$8,000 cash," and so I was taken to Wachovia Bank. There, I met her in the bank manager's office, and she had just deposited the \$8,000 and then was proceeding to try and transfer that money. I then realized that I must take action, so I called the guardianship lawyer, and I set up an emergency—and I met him the next day—sorry—and he set up an emergency court hearing for a few days later, and the \$8,000, I had prevented that from being sent.

I delayed my return to Canada so I could attend an emergency Sarasota court hearing. I presented evidence of my mother's involvement of the Jamaican scam and was granted a temporary 30-day guardianship. My mother was assigned a lawyer, but she refused to see him, so did not attend the hearing. The final financial guardianship was approved on March the 13th, 2009, four years ago today.

My mother had previously revoked my Power of Attorney. Therefore, a legal guardianship, U.S. guardianship, was the only option I had to gain control over her financial affairs. The guardianship helped my mother send the very large amounts of monies that she had just been sending [sic].

The Jamaican fraudsters are extremely convincing, as Kim said and as you have seen on videos. One calling himself John Kent

talked to my mother several times a day for at least three years. My mother looked forward to his calls and felt a very special bond with him, and I would say that she felt she loved him. She even told him she looked forward to meeting him. These ruthless people would call my mother and tell her to expect calls at nine o'clock in the morning and four o'clock in the afternoon. So she delayed going out, or if she did go out in the afternoon, she would say to her friends, "I have to come back because I have a very important call," and this went on for years. My mother stayed at home too—I said. Okay. The fraudsters isolated my mother this way, which is very common.

They also coached my mother into believing, of course, that it was because of the guardianship that I had taken—and, of course, I was not in her good books—for not receiving the millions, and there were so many lies. There have been many difficult conversations, and I would not even want to tell you what we said over those times, but they were very, very difficult and hard to take.

It took me until April 2009 before I could get control of my mother's Canadian bank accounts, as they would not recognize the U.S. guardianship. As a result of this, my mother was able to send money to the fraudsters. Before returning to Canada, my mother gave the fraudsters her Canadian number because she was really determined to get her millions. If they did not call when she expected them to call, she would call them in Jamaica, and one monthly bill totaled \$450.

From December 2008 to July 2012, I estimate my mother tried to give—tried to give away—\$92,000, but estimate the actual amount was \$64,500 because I got some of that little bit of money back and was able to stop the transfer. So I estimate that.

But then, even though I had the guardianship in place, I estimate that between February 2009 and July of last year, she was still able to send \$47,000 away, and this happened because it was difficult to get the telephone companies, both in Canada and the U.S., to block calls from certain companies and certain area codes, because the only way I could block international calls was to block all international calls, and, of course, she was calling me in Canada and vice-versa, and so—and England. You know, we are English.

She was also able to draw money from her bank accounts even though they had a limit on them, and so this was a very difficult situation. I would call the banks. I would say, "How can this happen?" Well, because she was in good standing with the bank over many, many years, the bank account was allowed to be overdrawn. I eventually had to stop her checking account and give her only a savings account, which could not be overdrawn. So I would put \$100 in. She would take it out. I would put another \$100 in so she could have money to spend.

Another thing that she was able to spend money on was she was able to withdraw cash on her canceled Visa card, and this happened for a few months. And then, in the meantime, unbeknownst to me, she was actually sent a new Visa card, and so she all of a sudden had access to another Visa card, which I was not aware of.

So, as you can appreciate, I found the last four-and-a-half years very difficult. I have contacted, like Kim, all those people she mentioned and anybody that I felt could give me any help. It was very

difficult. I often gleaned a lot of information from her friends, who she did not realize I was talking to, and I would try and get the information from them, because my mother would continue to tell me she was not sending any money, although I had evidence, because I had control of her bank accounts.

So I guess, finally, the last thing I would like to bring to your attention is to the impact and stress that my mother's involvement with the Jamaican lottery scam has had on our family. This situation has impacted not only my mother and myself, but my mother and her family and my mother and her grandchildren. Unless you have ever had to deal with this type of situation, you cannot imagine how hard it is to watch your loved one fall victim to the cruelty of these unknown individuals who really do not appear—as we know, they do not have any remorse for taking advantage of society's most vulnerable people.

For the four years, I watched my mother willingly give away part of her life's savings and be convinced that those who have the love for her the most want nothing more than to love and to protect her, and this has just continued. To this day, I would say that my mother still really believes that if it was not for me and the guardianship, she would have her money, her millions.

So the \$4.5 million was the first check. The next one, I think, was maybe \$17.5 million. I think there were three times, and three separate groups of people. And as we know, they get on the sucker list. Once Mr. John Kent stopped with her, then you would have another person picking up the pieces and trying to get a little bit of money, and so she was able to send small amounts of \$100 and \$500. Eventually, I had to even get Publix cards so she would not have too much cash, but she could not say she did not have any money for food. So, anyway.

And I guess that is about it, then. Thank you for listening and being interested in my mother's story, and I am really happy to be part of this and hope that my mother's story and my continual involvement in this will help. I am going to certainly be communicating a lot of this with my Canadian friends and seeing what I can do. As my friends said, "You are a crusader, Sonia, so carry on with the show." I will do my best. Thank you very much.

[The prepared statement of Ms. Ellis follows:]

**Written Testimony of  
Sonia Ellis  
Submitted to the Special Committee on Aging  
United States Senate Hearing on  
the Jamaican Lottery Scam  
March 13, 2013**

I would like to thank Chairman Nelson, Ranking member Collins and the Senate Special Committee on Aging for inviting me to speak at your Hearing on the Jamaican lottery scam. It is a privilege to be here.

Before I share my story I would like to recognize The US Postal Service Investigative Unit that has been involved with my mother's case since 2008. My special thanks go to Postal Inspector Doug Smith in Tampa, Florida, who has helped guide me through the many challenges I have had to deal with over the past 4 years. He has diligently followed up on all the information I sent him, such as the MoneyGrams and Western Union copies, timelines, anecdotal and anything else I had which I thought could help in dealing with the Jamaican Fraudsters. I would also like to recognize the Florida Court System, which continues to be instrumental in helping me manage Mother's affairs. My Lawyer, Robert Scheb, and my Co-Guardian Mark Chmielewski have greatly assisted me throughout this life-altering journey. I certainly could not have not have done this on my own.

My mother's story began on December 8<sup>th</sup>, 2008, when she was randomly called on the phone in Siesta Key, Florida. She was advised that she had won \$4.5 million in a Las Vegas lottery. Even though my mother had not been to Las Vegas in 20 years, she was very excited and told her friends. They immediately told her it was a scam and then, fortunately, reported this to the Property Manager at her apartment complex. The Office personnel showed her information on scams and told her to not get involved. The next day my mother sent \$300 via Western Union. Over the next 13 days my mother sent \$25,500 to 4 separate people in Jamaica, Indiana and Florida and \$19,500 to Colorado Springs. These amounts were sent via Western Union, Bank transfer, Money Gram and personal cheque. I was made aware of the situation because the Property Manager contacted me. He suggested I call the Bank of America where my mother was withdrawing the money. I tried to stop the \$3,000 money transfer to Indiana, but since the account was in my mother's name, the bank could not intervene. The bank personnel told my mother several times that this was a scam and told her not to send the money. My mother, however, insisted that they send the money.

I got the \$19,500 returned and deposited in my Guardianship account because an astute Lawyer, David Malgrave in Colorado Springs, intervened and tracked my mother down. After 5 phone calls and a letter, my mother finally talked to Mr. Malgrave. He explained how these scams worked and told her he wanted to return her money. He asked my mother for the name of her lawyer so he could send the money to him. I became suspicious when my mother said she was going to see her Lawyer. When I called him, he informed me that she had visited him to revoke the Power of Attorney that my father and

mother had initiated years earlier. He also told me about Mr. Malgrave's call. The \$19,500 was sent to the Sarasota Lawyer and then deposited to my Guardianship account.

From January 5 to 17, 2009, my mother sent \$10,850 to 5 people, 4 in Jamaica and 1 in Florida.

I continued to call my mother during this time, even though she was very combative with me. She rarely admitted talking to the fraudsters or sending any money away. She kept telling me that she knew what she was doing and did not want to talk about it. When I realized that my mother was continuing to send money regularly, regardless of who spoke to her, I decided I had to intervene, so I booked off from school, and flew down to Sarasota on January 31, 2009.

While I was with my mother I tried to discuss what she was doing but she ignored me and told me to return to Canada. One day she withdrew \$8,000 cash from the Bank of America and then drove over to Wachovia bank where she had another account. This came to my attention because the Property Manager was called by the Bank of America Bank Manager. She told the Property Manager that she was going to follow my mother because she was concerned about her safety. I went to the bank and surprised my mother in the Bank Manager's office. My mother had already deposited the \$8,000 and was trying to arrange a bank transfer to an unknown person. I was able to delay the transfer because I immediately called Mr. Scheb, a Guardianship Attorney, and set up an appointment for the next day. Based on my information of fraudulent activities, Mr. Scheb arranged for an emergency Court session to initiate an Emergency Guardianship. The \$8,000 was never sent.

I delayed my return to Canada so I could go to the emergency Sarasota Court hearing. I stayed with a friend as my mother could not wait for me to leave Sarasota. My mother thought I returned to Canada, but this did not happen for another 5 days. At the Court Hearing, I presented evidence of my mother's involvement in the Jamaican Scam. My mother was assigned a Lawyer by the Court, but she refused to see him, so she did not attend the hearing. I was granted a Temporary 30 days Guardianship. Because I am Canadian I had to hire a Professional Co-Guardian. Before I left Florida, the Co-Guardian and I were able to set up Guardianship accounts and organize the checking accounts. The final Legal Financial Guardianship was approved on March 13, 2009, 4 years ago today!

Taking out a Guardianship is a difficult thing for a daughter to do especially without their mother's consent. It also is a very expensive way to manage a loved one's financial affairs; however this was the only option I had. My mother had already revoked my Power of Attorney, which she had set up years before. I know that acquiring the Guardianship was the right thing to do, as there was no indication my mother was going to stop sending money to the Jamaican fraudsters. They are extremely convincing and "professional." One, calling himself John Kent, talked to my mother several times a day for about 3 years. My mother looked forward to his calls and felt a special bond with him. She often told him she looked forward to meeting him. He always flattered her and told her she was a very intelligent person. It had not taken him long to figure out what he needed to say to 'win' my mother over. I know these details because I occasionally overheard one way conversations. These ruthless people told my mother

to expect calls at 9 a.m. and 4 p.m. This meant my mother stayed home to receive the calls. The fraudsters isolate their victims this way; my mother would tell her friends she could not go out because she was waiting for an important call. The fraudsters also told my mother that it was because of the Guardianship that the money they promised, kept on being delayed. They told her so many lies over the years. Needless to say, my mother blames me for not receiving her millions. There have been many difficult conversations over the years.

It took me until April before I could get control of my mother's Canadian bank accounts, as they would not immediately recognize the US Guardianship. As a result of this, my mother was able to send money to the fraudsters. Before my mother returned to Canada she gave the fraudsters her Canadian telephone number. She was determined to get her millions. When they were late calling her, she would call them in Jamaica. One monthly bill totalled \$450. Over the years my mother was called by different groups of fraudsters. We know that people involved in fraudulent activities purchase lists containing the names and numbers of people who are on the "sucker" list. I understand that my mother was given a code that she would ask for when someone called. She then knew they were who they claimed to be or perhaps part of the same group.

My mother continued to be called regularly while in Canada. She sent money via Western Union and Money Gram. Based on these fraudulent activities in Canada, I contacted my local detective in charge of Elder Abuse. I met with him and gave him copies of all my files. I also put him in touch with Doug Smith, Postal Inspector, so they could collaborate. The Detective met my mother and tried to talk to her about the fraudulent activities she was involved in. My mother would not listen to him and was verbally abusive to both of us. The Detective told me there was nothing more he could do and I have not been contacted by him since 2009.

From *December 2008 to July 2012* I estimate my mother *tried* to give away \$92,000 but the estimated actual amount was approximately \$64,500.

I estimate that between *February 2009 and July 2012* my mother was able to send away approximately \$47,000, even though the Guardianship was in place. How and why did this happen?

The telephone companies in both Canada and the US do not make it easy to block calls or certain area codes, to and from certain countries. This was a major problem for me, to which there seemed to be no resolution. The only way I could stop calls from Jamaica was to block all international calls, including Canada. The Jamaican Scammers also convinced her to buy a cell phone, which I could not monitor. I did not change my mother's number because I knew she would give the Jamaican fraudsters her new number.

After the legal Guardianship was in place, my mother was still able to send money to Jamaica by overdrawing her US bank accounts. I consulted with the Bank of America Manager to try and stop these

transactions, but was unsuccessful. I eventually had to close the checking account and give my mother only a savings account. This could not be overdrawn.

Monies continued to be sent via MoneyGram or Western Union even though both of these companies were contacted several times by me and Doug Smith of the US Postal Service, who diligently used the information I sent him and continues to communicate with me. I am optimistic that some changes are being made to stop identified victims from using this means of sending money off-shore, even if they use a variation of their name.

My mother also withdrew money from her cancelled Visa card. Visa then sent her a new Visa card which I was not aware of at the time.

During the past 5 years I have dealt with Bank Personnel, Telephone companies, Lawyers, Property Managers and Law enforcement. Many have been prepared to help and give me advice. The problem is that the tools needed to make changes are not accessed easily. I always found it very difficult to make the necessary changes to stop my mother from sending away money. I have been the 'case manager' of my mother's financial affairs and have tried to tie the pieces together. Needless to say I have many boxes of files. I continue to try and protect my mother from the very persistent Jamaican scammers by talking to her daily and coaching her on what she needs do and say. I know that without my intervention, my mother would have given away most of her money and signed over her condo.

Finally, I would like to bring attention to the impact and stress that my mother's involvement with the Jamaican lottery scam has had on our family. This situation has impacted not only my mother and myself, but placed a tremendous burden on my family; not to mention the impact it has had on the relationship my mother has with her grandchildren. Unless you have ever had to deal with this type of situation, you can't imagine how hard it is to watch your loved one fall victim to the machinations of unknown individuals, who don't appear to have any remorse in taking advantage of society's most vulnerable people. For four years, I have watched my mother willingly give away some of her life savings, and be convinced to turn on those who love her most and want nothing more than to love and protect her.

I know that Governments in both Canada and the United States continue to raise awareness about Elder fraud issues and try to get the necessary people together. Governments can facilitate and support the development of tools and resources, plus strengthen penalties for those who commit fraud. I am pleased that after 4 years, this very serious issue is being addressed by people who can make some of the necessary changes. I am optimistic that new initiatives will help the many victims of Elder fraud. I do hope that my story has put a face on the issue and relayed the need for exchanging information and having access to useful resources that will assist families and victims who are dealing with Elder fraud.

Thank you for your interest in my mother's case.

Chairman NELSON. Thank you.

Dan Rather is airing a piece where he has interviewed some of these fraudsters, and he says they act with the ultimate of arrogance. They laugh at their victims. And they laugh as they say that they will never be brought to justice. I discussed that with the Ambassador from Jamaica yesterday and he confirmed.

Okay, Sheriff, tell us how you intersected with all of this. Tell us what you did.

**STATEMENT OF WILLIAM L. KING, JR., CHIEF DEPUTY  
SHERIFF, YORK COUNTY, MAINE, SHERIFF'S DEPARTMENT**

Mr. KING. Certainly. Thank you. In late August 2011, the Sheriff's Office received a complaint of an elderly woman in our community who had paid \$100,000 in fees to collect a lottery. This case introduced us to the complex world of the Jamaican lottery scams.

We found several criminals working in unison, using various techniques like friendship, religion, romance, and threats, with the sole purpose of separating her from her life savings. We traced the payments and found that most were made to people in the United States, some of whom were victims themselves and became unwitting facilitators of the crime, and others were complicit. Ultimately, we identified six people in Jamaica who received her money. One of those scammers was returned to Jamaica after serving time in Minnesota State Prison for murder. Each case we have encountered was similarly complex.

It is easy to dismiss this crime because most people would not fall for it. Some question even if it rates as a crime at all, because people are willingly giving away their money. Others mock the victims for falling for it.

I am told cognitive reasoning ability diminishes with age. I met a retired businessman who graduated from Yale who was actively involved in the scam. He lost his life savings and his house, but still waits every day for the oversize check and the balloons attached to a brand new BMW to appear while his wife lives in despair.

Years ago, United States telemarketing companies set up shop in Jamaica to take advantage of the inexpensive labor rate. They conducted training sessions, teaching Jamaicans how to make cold calls, establish rapport, keep the person on the telephone, overcome objections, and create a fantasy. The newly trained telemarketers found fertile territory with seniors who grew up in a time when it was impolite to hang up on a caller. That, coupled with a national crackdown on drugs by Jamaican authorities, steered many criminal gangs toward lottery scamming. Also, the young Jamaican culture justifies scamming as reparations from the United States for perceived past misdeeds.

The scam is convincing. When a wealthy doctor was skeptical after receiving a call, the scammer directed him to a Web site where he found his name blinking beside an unclaimed \$2.5 million lottery prize. And the fees seem plausible. Prepaid taxes, processing fees, lawyer fees are the most common examples. Embarrassment is the scammer's greatest ally because it silences victims. Some scammers profess love for the victims to ensure the money

keeps coming. A widow in Maine handed over \$600,000 to a scammer who we believe feigned a romantic interest.

During my research, I found a headline that read, "The Sun May Be Setting on the Jamaican Lottery Scams." The article quoted an ICE agent who stated he had cases from Hawaii to Maine and estimated the losses at \$30 million. The article reported that U.S. authorities are now involved and would put a stop to the scamming. That article was published in May 2009. Today, the estimates of losses are tenfold, \$300,000 [sic], and the sun does not seem to be setting on the scams.

In a seven-month period of time, FairPoint Communications, our local telephone provider, identified 186 victims. A local news station did a three-part series on the scams. The last day of the series allowed viewers to call in to report scams. We received 38 calls during the 30-minute segment. Unfortunately, 105 calls went unanswered at the end of the show because they were terminated.

FairPoint organized news conferences, shot a Public Service Announcement, launched a Web site that provides information. As a result of Web site contacts, I have spoken to dozens of victims and their families from approximately 20 different States. All feel abandoned by law enforcement.

We cannot place the blame of this scourge solely on Jamaica's doorstep. Yes, the scams originate from Jamaica, but there are hundreds, if not thousands, of facilities operating and profiting within our own borders.

And this is not just a financial crime. The stress caused by the scam accelerates a victim's demise. I recently tried to contact some victims and was saddened to find that two had passed away, while others who were vibrant before the exploitation are now experiencing medical issues impeding their quality of life.

And this will continue until these cases are investigated here and in Jamaica and laws are enforced and our extradition treaty is applied. I fear that when the national spotlight is off, the status quo will return, and the victims will continue to go unprotected.

And I want to thank FairPoint for their continued support, the Stephen and Tabitha King Foundation, who have donated money toward this effort, and also the many store and banking employees who have thwarted scamming before it actually started by contacting family members of potential victims. One of those victims happens to be my father, who was trying to send money to keep my son out of jail. My son was safe in Florida.

And thank you, Chairman Nelson and Senator Collins and the rest of the committee for having this hearing today.

[The prepared statement of Mr. King follows:]

Statement Of  
Chief Deputy William L. King, Jr.  
Special Committee on Aging

“876-SCAM: Jamaican Phone Fraud Targeting Seniors.”

March 13, 2013

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Introduction

My name is Bill King and I am the Chief Deputy of the York County Sheriff's Office in Maine. I want to thank Senators Collins and Nelson for inviting me to this hearing. Let me assure you that many law enforcement officers across the country share your concern about the fleecing of our elderly.

Initial Involvement

In late August 2011, relatives of 82-year-old Beatrice Boucher (Bea) contacted the sheriff's office seeking assistance because their mother was paying money to collect a \$2.5 million dollars lottery and a brand new BMW. The more the family tried to gather details, the angrier Bea became. Her family could not convince her to stop making payments. The family reached out to federal and state authorities only to be told there was "...nothing they could do." The exploitation continued. Their desperation reached its zenith when the scammers changed Bea's telephone number<sup>1</sup> without her knowledge. This occurred shortly before a tornado went through Southern Maine and Bea's family could not reach her to check on her well being – her scammers were the only ones with her new number. They used it to isolate her during a vulnerable time. Also, because of the fraudulent number change, the medical emergency alert service Bea subscribed to was rendered useless, leaving her at the mercy of the scammers.

After combing through Western Union and Money Gram receipts we determined that Bea wired approximately \$60,000 to various people in the United States. She justified it by saying the amount was miniscule compared to the prizes she was due.

We found that the vast majority of the calls to Bea were from the 876 area code, but many had odd numbers "000-000-0000" or a domestic number that did not appear real. With the help of FairPoint Communications<sup>2</sup> we learned how international scammers often use spoofing or Voice over Internet Protocol phone services to make calls from computers appear like they are coming from the United States.

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<sup>1</sup> The provider was not FairPoint. The provider stated that somebody posed as Bea's son and claimed she was getting harassing calls and needed the number changed immediately.

<sup>2</sup> FairPoint is one of the few telephone service providers with a full time security staff.

Bea's first payment was a \$750 processing fee to a woman who lived in New York. The scammer urged her to wire the money, giving her explicit instructions on how to use the Money Gram at her local Wal Mart, and even provided directions to Wal Mart<sup>3</sup>. The following day, the scammer called again and apologized that he had her send the money to the wrong "processor." The employee who was going to "process" her prize was in Minnesota, not New York. He persuaded Bea to send another \$750 to Minnesota, promising her the original \$750 would be returned. Later that day, the scammer called and apologized again. He said there was a huge error – he charged her a processing fee for the small prize – she won the "big" prize of \$25 million dollars. The bigger prize called for a heftier processing fee - \$2500. For months Bea paid these endless fees... taxes, registration for the vehicle, insurance, transportation....

Bea clung to her dream long after the York County Sheriff's Office got involved. But she did allow us to record the telephone calls from the scammers. The calls came from several people who worked in unison. They used various techniques, friendship, religion, romance, and threats. The persistent scammers were expert at overcoming objections, creating a fantasy and instilling a false sense of urgency.

Within five months, we found that Bea paid in excess of \$100,000<sup>4</sup> to nine people in five different states. With the assistance of other police and sheriff's office's we were able to locate (and in most cases) interview all of the people who Bea sent money. The only person not located was a woman in New York City who had recently been convicted of criminal fraud.

We found that three of the recipients of Bea's money were victims themselves, who had become unwitting facilitators. They got their lost money back in small increments, and they felt useful since the scammers were telling them that they were helping other winners pay their processing fees.

Four of the individuals we interviewed had Jamaican ties. Two female recipients, who live in the same apartment building in Florida, hail from Jamaica, and one makes regular trips back home. We were not successful in getting local authorities to help us with those two women.

Ultimately, we identified 6 people in Jamaica who received Bea's money. One of those Jamaicans was returned to Jamaica after serving time in Minnesota State prison for murder.

#### Why so convincing?

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<sup>3</sup> We suspect that her scammers were using Google Earth because of the familiarity they had with the area she lived. They used this knowledge many times to convince her the lottery was real.

<sup>4</sup> In addition to the original Western Union and Money Gram receipts, we found that she sent cash in magazines, and purchased Green Dot cards and provided the access codes for the scammers to empty the card.

It is easy to dismiss this crime because most people would not fall for it. And some police officers question if it rates as a crime at all because the victims are giving their money away. I think that reasoning is similar to blaming the rape victim for wearing the short skirt.

Psychologists will tell you that cognitive reasoning ability diminishes with age. I met a graduate of Yale who lost his business and his house to the lottery scam. He still believes he is due a prize and waits everyday for the oversize check, balloons and new BMW.

Years ago, United States telemarketing companies set up shop in Jamaica to take advantage of the inexpensive labor rate. They conducted telemarketing training sessions. They taught Jamaicans how to make cold calls, keep the person on the telephone, overcome objections, and create the fantasy. They learned how to take advantage of seniors who grew up in a time when it was impolite to hang up on somebody – they had to hear the “goodbye.”

The telemarketing training, coupled with the crackdown on drugs by Jamaican authorities, steered many drug organizations toward lottery scamming. And, according to Jamaican rapper Vybz Kartel, the young Jamaican culture dismisses scamming as “reparations” from Americans for past misdeeds.

The scammers even use technology to overcome objections from victims who become frustrated with the endless fees and start questioning their purported winnings. When a wealthy doctor with a second home overlooking Maine’s rocky coast expressed skepticism after receiving a call, the scammer directed him to a website, [www.winnersbureau.com](http://www.winnersbureau.com). There the doctor found his name beside an unclaimed \$2.5 million dollar lottery prize.

The reason for the fees seems plausible. Pre-paid taxes, processing fees, lawyer fees, are the most notable examples. Some scammers instruct the victim to purchase a Green Dot Card<sup>5</sup> and put several hundred dollars on the card. The scammers explain that the 14-digit access number<sup>6</sup> on the back of the card will serve as their personal identifier to claim the prizes when delivered.

Embarrassment is the scammer’s greatest ally. Many of the victims I’ve spoken with want nothing to do with law enforcement because they are embarrassed. Some scammers profess “love” for the victims and that ensures the fees keep coming. A widow in Maine exhausted her life savings of \$600,000 to a scammer who we believe feigned a romantic interest.

#### Federal Authorities

<sup>5</sup> Green Dot is a pre-paid debit card.

<sup>6</sup> On the back of each Green Dot Card, an opaque covering conceals the card’s individual number. Scammers are able to collect the funds deposited on the card by presenting only that number.

While the scammers were still contacting Bea, we sought assistance from the FBI, ICE, and the Postal Inspection Service. Nobody was interested, even though we had an opportunity to conduct a pro-active enforcement operation.

In early September 2012, the scammers demanded that Bea send money to two individuals in New Jersey. The sheriff's office wanted to conduct a "controlled delivery" of an Express Mail package to identify the facilitators that helped to bilk our victim out of her life savings. We believed that these two facilitators could identify the Jamaican scammers who were actually making the calls to Beatrice. Even with this unique opportunity, no federal agency was interested.

Postal Inspectors in Maine and New Jersey were not interested in the case and one inspector even told us that he was aware of the "suspicious financial transactions" being conducted by Bea. Nevertheless, they refused to pursue this prevalent crime.

Federal agents oftentimes do not have the benefit of citizen contacts and do not experience the devastation that a lottery scam can have on a family. They may not witness families being torn apart, or parents becoming a burden on an already struggling family. With federal resources focused elsewhere, protecting some of our most vulnerable citizens is a low priority.

The sheriff's office sent two detectives to New Jersey to interview a man who received approximately \$10,000 of Bea's money. We positively identified three people who we believe are complicit in the scam and the name of the Jamaican organizer who asked them to collect money from U. S. victims and forward it to him in Jamaica (allowing them to keep a percentage.)

#### Ready for prosecution

Absent a federal agency, we still felt that our investigation was at a stage where a prosecutor should get involved. Our local District Attorney quickly begged off because of the cost involved in bringing the U. S. co-conspirators to Maine for prosecution. And extraditing a foreign national for a lottery fraud was beyond the capability of her small county prosecutor's office.

We arranged a meeting with an investigator from the Department of Homeland Security and with two Assistant United States Attorneys (AUSA). All listened patiently but in the end, the DHS Agent stated he was not authorized to initiate a federal investigation (per his supervisor) and was only present for informational purposes. The lead AUSA stated that absent a federal law enforcement agency, the case would not progress.

We later learned that two attorneys from the U. S. Department of Consumer Protection were spearheading a federal task force with agents stationed in North Carolina. During late November, 2011, I visited with the two attorneys in Washington and provided them with the case file and also sent a copy to North Carolina. To date, no one has been charged, prosecuted or arrested.

### More Cases

During our investigation of the Bea Boucher case, we learned about other cases. During our regular contact with FairPoint Communications, we learned that many senior citizens call FairPoint customer relations to complain about their bill. It was determined that many customers questioned the toll charges for calls made to Jamaica. Many victims thought that 876 was a “free” call, similar to “800” or “888”. FairPoint Communications took the additional step of sending the customers who’ve called 876 to security personnel.

FairPoint Security personnel soon realized that most, if not all of their customers who made calls to 876 were victims of the lottery scam. FairPoint even initiated a “scam sheet” to capture pertinent information about the scams. They began forwarding these scam sheets to the sheriff’s office.

Within a few weeks, we stopped the victimization of several dozen people who did not realize they were being scammed. I wrote an article about Bea’s involvement with the Jamaican scammers and FairPoint distributed it to family members of victims and the victims themselves. The activities of the scammers were similar and many victims identified themselves with Bea’s story.

It was clear that we could not arrest our way out of this crime – so the sheriff’s office took the lead and commenced an educational campaign with our corporate partner, FairPoint Communications.

### Educational Campaign

On May 2-4, 2012, a local news station did a three part series on the Jamaican Lottery Scams. The last day of the series allowed for viewers to call in to the station to report scams that may not be known to law enforcement. Members of the sheriff’s office, state police, state and private senior groups manned the telephones and took 38 calls from citizens reporting suspected victims of the Lottery Scams. More important, 105 calls were terminated (unanswered) at the end of the show. All callers were urged to call their local authorities.

The news show generated interest in the lottery scams and the sheriff’s office became subject matter experts on the crime. Meanwhile, FairPoint Communications continued to identify several victims each week from Maine, New Hampshire, and Vermont. In a seven month period of time, FairPoint identified approximately 186 victims from Maine, New Hampshire, and Vermont<sup>7</sup>. It was clear that we needed a more extensive educational campaign to warn our elderly.

We organized news conferences in Maine, New Hampshire and Vermont. We also shot a Public Service Announcement and sponsored a website [www.bewareof876.com](http://www.bewareof876.com). The

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<sup>7</sup> FairPoint is a provider for landline telephones in Maine, New Hampshire and Vermont.

website provided all citizens with access to information about the scam. It proved to be a blessing and a curse.

FairPoint received many contacts as a result of the website, and all callers were urged to contact their local authorities. However, some expressed frustration at the lack of interest by law enforcement and FairPoint urged them to contact the sheriff's office. As a result, I've spoken to dozens of victims and their families about this scam. The calls came from 20 different states. All callers expressed frustration with the lack of attention they received from law enforcement at all levels.

#### Complexity of the Scam

I can certainly understand a local police agency shying away from this type of investigation. It is complex, time consuming, and can drain an agencies' resources. Our unofficial estimate is that the average victim loses around \$70,000.

For most victims, after losing several thousand dollars, they start balking at the additional fees. Some of the tactics we have seen are:

#### *Anger*

The scammer will tell the victim that they will "lose" the fees they already paid if they stop paying these required fees. The scammer may also blame the U. S. Government for raising the taxes on the lottery winnings, something that is out of their control.

#### *Emotion*

The scammer may remind the victim that she or he initially needed the lottery winnings to help out a son, or daughter. Many victims confide in their personal challenges during the initial phase of the scam and the scammer will play on the victim's emotions by reminding them of the needs of their family.

#### *Threats*

In some cases the scammers have resorted to threats if the senior becomes reluctant to continue the payments. Using Google Earth, they will describe the senior's house and say they are "out front" and will harm them if a payment is not received. There are many variations to the threats, we had one case in which the scammer told the victim that he used the money they sent for drugs and now the police think they are involved in drugs.

#### *Introduce a second scammer*

The second scammer may try a different approach. Oftentimes, the second scammer is a member of the opposite sex and claims they are romantically interested in the victim.

#### *The scammer was a crook!*

If the victim seems adamant to stop, the scammer will stop calling. Then, a second scammer will call and feign ignorance of the fees already paid. The second scammer will say they were doing a routine audit and found a lottery check with their name on it and a car in the back lot and will question the victim as to why they haven't claimed their prize.

When the victim explains the fees they have already paid, the "surprised" scammer informs the victim that they should not have paid any money and that the employee who solicited the funds is a crook, and has since been fired by the lottery company.

The second scammer will then offer to get the prize distribution "back on track" for a one-time fee. Oftentimes, the second scammer will explain that the FBI is investigating and may call for additional details – then the victim will get a call from a scammer posing as an FBI agent who "verifies" that the company fired scammer #1.

An "IRS agent" may also call to explain that the additional fees are necessary to process the amount because of the delay from them collecting (understanding that it was through no fault of their own).

#### *Checks*

The scammer may promise a return of their money if they send a check to another person who works for the company. In the cases we have seen, the senior no longer has money in their checking account (or very little) and sends off a check to another victim in anticipation of a deposit.

The check sender is told that their check will contain the routing number and bank account information so the company will be able to make a direct deposit into their account. For security reasons, the sender is told to make the check out for thousands of dollars.

The check receiver may be told two things:

- The check is from another person who wants to assist the receiver with paying the remaining fees to collect the lottery winnings. Once the winnings are received, the winner needs to reimburse the sender of the check. The receiver is told to deposit the check and either wire the money<sup>8</sup> or purchase Green Dot Cards in that amount and provide the access code numbers.

- The check is the initial reimbursement. The receiver is told to deposit the check and they will be allowed to keep the majority of it but they need to wire some funds (usually a few hundred dollars) or purchase some Green Dot Cards and provide the access codes.

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<sup>8</sup> Western Union or Money Gram

Either way, the check bounces, the maker is assessed fees for writing a fraudulent check, and the receiver is assessed fees for depositing a check with insufficient funds. Everybody pays and the scammer makes hundreds of dollars.

#### *Unsolicited Visits*

Once the victim stops, some scammers will call neighbors posing as distant relatives of the scam victim. The Jamaican scammer will convince the neighbor to bring their telephone next door so they may speak with the victim. Or they will ask the neighbor to simply deliver a message asking the victim to call them at 876-xxx-xxxx.

Scammers have contacted cab companies, sending the drivers to the victim's address with messages. An electrician in Maine was contacted by a scammer posing as a local landlord and told that the "tenant was having electrical problems." Not finding anybody at the residence, the electrician called the homeowner at 876-xxx-xxxx. The Jamaican scammer told the electrician to force his way into the house and check the fuse box. The electrician refused and contacted authorities.

As Kim testified, the scammers contacted the local police department and asked them to check on the well being of her father after Kim worked diligently to separate him from the scammers.

#### Statistics

Many people have asked me how many victims are there, and how much money have they lost. All good questions. The challenge is that we do not know how widespread this scam is. There is no central repository for this information. No one has taken the lead role in this challenge. Every law enforcement officer knows that DEA handles big drug cases, the FBI handles counter terrorism, and Illegal Immigration is handled by ICE. Where to go for this scam is not clear. One police officer I spoke with from California was told by an FBI agent that JOLT (Jamaican Organized Links to Telemarketing) task force has been dismantled. Many other police officers share in my frustration that our federal counterparts are not devoting the needed resources to address this problem.

The original case, if you recall, had our victim sending money to nine different people in five different states. Each case is similarly complex. After I appeared at a senior center with Senator Collins, a woman from Maine (I will call Nicole) contacted me asking me for assistance. She believed her father, who resides in Florida, was involved in the Jamaican Lottery scam and provided me with details. I spoke with her father on the telephone and he admitted that he was paying fees in pursuit of a lottery. I urged Nicole to conduct an "intervention" with her father, other family members and his health care providers and extricate him from the scammer's control.

Nicole immediately changed her father's telephone numbers and stayed with him for about a week. She temporarily relocated him to ensure he did not receive unsolicited visits from cab drivers, electricians, or neighbors.

She called me with a myriad of numbers, notes, receipts, etc. all very similar to Bea's case. During the evening hours, I contacted several of the people this man had been sending money to and discovered a similar network of other victims who had become facilitators. I left messages on telephones urging them to contact me in my office.

The following day, I received a call from a scammer! He was looking for Nicole's father! I played along for a while and explained that Nicole's dad was in the hospital. He asked what hospital, where, etc.

Finally, he told me that he just received permission from his supervisor that allowed him to give me the lottery winnings! He started in soliciting the processing fees. I explained that I did not have any money but together we discussed innovative ways for me to raise the money to include selling my prescription medication to raise the needed funds.

#### Closing

Investigating international lottery scams is not the job for local law enforcement. I share in the victim's (and their families') frustration when police agencies do not initiate investigations. I also share the police agencies' concerns about their lack of resources and limited jurisdiction to address this policing challenge.

I do not think we can place the blame of this scourge solely on Jamaica's doorstep. There are hundreds of facilitators in the United States who are complicit in this scam and if not for them, this scam would not continue to flourish. We have the technology to capture and disseminate criminal information in this country. A Pen Link system, administered by a federal agency, could be used as a pointer system for local agencies to access, connecting specific scammers with victims across the country. It could also be used as an alert system to identify scammer's telephone numbers – which would assist our Jamaican counterparts identify the criminals in their country.

We also need to urge companies like Western Union, Money Gram, and Green Dot to continue to be diligent with their security measures. Similarly, big box, drug stores and banks should train their employees to be on the lookout for seniors who appear to be in a hurry, wiring money or purchasing several Green Dot cards at one time.

This is not just a financial crime. This crime tears families apart. Many seniors require help from their children, or are forced into public housing after their financial devastation. More important, the stress caused by the scam accelerates their life cycle. I've recently been asked by several news outlets to contact former victims to ascertain if they would like to tell their stories. I realized it may be challenging because so many have changed their telephone numbers, I was surprised to find that many had moved. I was also saddened to find that several passed away and others, who were vibrant before the exploitation, are now experiencing medical issues that I believe may have been accelerated with the additional stress.

As we are gathered here today, there is a victim traveling to a Western Union Store to wire money that will eventually land in Jamaica. There is a family who will soon have an unexpected financial burden placed upon them because a loved one was victimized by lottery scammers. And this will continue until a federal agency takes the lead role in this fight and devotes the needed resources to combat it effectively, in collaboration with local authorities who are usually the first to be contacted.

Since Senator Collins' public interest in this matter was publicized, I have seen a flurry of activities by my federal counterparts and I am very appreciative of that. I also want to recognize the many Western Union, Wal Mart, and banking employees who have taken the time to talk with seniors and advise them that they may be victims of a scam. I've found some employees who have thwarted scamming before it happens by contacting family members of potential victims. One of the saved victims happens to be my father who was trying to send money abroad to keep my son out of jail. My son was safe and sound in Florida.

Thank you very much for this opportunity.

Chairman NELSON. Thanks, Sheriff.

Okay. The AARP is trying to do something about it. They have sent with the U.S. Postal Service this kind of flyer out. It says, "If you have to send \$250 to claim your prize, odds are it is a scam. Don't risk it." And we send out notices. They send out notices. The U.S. Postal Service is trying to get the word out. Do not answer the phone. When you answer the phone, hang up. But you have just heard the stories.

Okay, Mr. Romasco. You are the head of the AARP. What do you think we ought to do?

**STATEMENT OF ROBERT G. ROMASCO, PRESIDENT, AARP; ACCOMPANIED BY DOUG SHADEL, WASHINGTON STATE DIRECTOR**

Mr. ROMASCO. Chairman Nelson, Ranking Member Collins, Senators Donnelly and Warren, thank you very much for having us here today, and most importantly, thank you for raising the profile of this heinous operation. As Senator Nelson indicated, my name is Rob Romasco, and I am the President of AARP.

We have been involved in this issue of financial exploitation of our older population for years. AARP and the AARP Foundation has been deeply involved in fraud prevention dating back to the mid-1990s.

Since 2003, AARP and its research partners have completed five studies of lottery fraud victims. The most recent effort was in 2011, the National Victim Profiling Study, that surveyed 1,500 consumers from the general public and 700 fraud victims. This study showed that while consumer fraud can happen to anyone, some people are more likely to be taken in than others. Lottery fraud victims, for example, are more likely to be women who are over the age of 70, divorced or widowed, have less formal education, less income, and they may have more cognitive impairment than others their age.

From a behavioral standpoint, our research has shown that lottery fraud victims are more likely to listen to sales pitches over the phone from unknown callers, read advertising solicitations that come through the mail and e-mail and are less likely to be signed up for the National Do Not Call List.

AARP and its research partners have pursued three research questions. First, what persuasion tactics are used by these criminals to successfully scam the victims?

Second, what is going on psychologically with victims that makes them vulnerable?

And, third, is cognitive impairment a factor in fraud victimization?

The research shows that specific persuasion tactics have been most frequently used, and we have heard dramatic testimony today that underscores that. They offer enormous wealth, using scarcity to create urgency, and fear to frighten the victims. And, as we have seen with the Jamaican lottery scam, fear has been used over and over again to literally scare older victims into handing over their money.

AARP and Stanford have pursued research that tested the application of positivity theory to fraud. Positivity theory says that as

we age, we tend to focus on the positive events and ignore the negative events as a coping strategy.

We also looked at cognitive impairment, and again, it is no secret that as we age, some of us experience diminished cognitive capacity. In 2009, AARP hired skilled geriatric social workers to go into the homes of lottery victims and give them a series of cognitive tests. Close to 80 percent were found to have some cognitive loss, which is a much higher rate than others of the same age.

I want to emphasize, Mr. Chairman, that all three of these areas of research are in the early stages, and much more needs to be done to definitively determine why older people fall prey to fraud.

While it is true that anyone can be taken in by this scam, profiling research has taught us that some people are more likely to be taken in than others. These profiles enable fraud prevention practitioners to direct information to those being targeted by the con artists. You have heard today; these are very sophisticated operations. This is not a one-off. They use computer technology, lists, and all the technology of direct marketing and contacts and persuasion.

One example, however, is we have set up Fraud Fighter Call Centers operated by the AARP Foundation. There are currently centers in Seattle, Denver, and Charleston, West Virginia. In each center, older volunteers offer support, peer counseling, and referral information to individuals who have been victimized or who meet the profile of the vulnerable consumer.

There have been two major studies of this program. The most recent was done in 2010 by Stanford University. The subjects of that study were lottery victims like those we have been discussing today. The researchers found that victims who have been counseled by Fraud Fighter volunteers were significantly more likely to resist future fraud attempts compared to those who did not have the counseling.

Mr. Chairman, the impact of AARP's prevention and counseling efforts would be greatly enhanced with increased funding and access to those lead lists the scammers have put together and law enforcement has been confiscating. Criminals are most successful targeting the most vulnerable when they use what is commonly known as these lead or target lists. The most vulnerable category of individuals are those who have been previously victimized and/or who have been targeted by scammers. We could dramatically increase our impact on this problem if we could reach 200,000 of the most vulnerable population by accessing the lists that the law enforcement agencies have been seizing.

Also very promising is our recent partnership with the United States Postal Inspection Service, which sends out millions of foreign lottery fraud warnings to older persons across the country. This month, the month of March, the Postal Service and AARP have launched an effort to warn millions of older Americans about foreign lottery fraud. The Postal Service is mailing 25 million postcards to Americans age 45 to 65. These cards have the AARP logo and the U.S. Postal Inspection Service logo on them. In addition, brochures will be in every one of 33,000 Post Offices around the country, and several television PSAs will air on the topic throughout the month of March. Also, our Foundation's Fraud Fighter Call

Center's phone number is on every card being mailed in Washington State as a pilot project. Already, thousands of caregivers and victims who have been targeted by fraud are calling in.

And, finally, even AARP has had to contend with this misrepresentation and exploitation. In Maine, our State office received information from local law enforcement concerning fraudulent telephone calls being made to residents by people claiming to be our representatives. What they were trying to do was use the AARP as a representation of getting Social Security information, which they could then toss into the mix. Our Maine State Office responded with a full press blitz, warning residents who received telephone calls from someone claiming to be from AARP or any other entity that asked for sensitive information they should contact their local police department immediately to report the incident. Would they be so lucky to get Sheriff King's department as somebody to partner.

In conclusion, consumer fraud has been and continues to be a significant problem. A study a couple years ago estimated the number is approaching \$3 billion. Intervention, prevention, and tough enforcement at both the Federal, State, and local level are needed to combat these ruthless—I will not use the word “con artists,” they are just criminals.

Our belief is, after a lifetime of doing all the right things to prepare for a comfortable and dignified retirement, too many older Americans are having their retirement security threatened by these financial predators. AARP will continue to work with all partners, Congress, and across all levels of law enforcement, to inform Americans about these scams and to prevent more tragedies like the ones that have been shared with us here today.

Thank you very much.

[The prepared statement of Mr. Romasco follows:]



**Written Testimony of Robert Romasco,**

**President, AARP**

**The Jamaican Phone Lottery Scam and Fraud**

**Prevention Hearing**

**United States Senate Special Committee on Aging**

**March 13, 2013**

**Washington, DC 20510**

**For further information, contact:  
Marti T. Doneghy  
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Chairman Nelson, Rankin Member Collins, and members of the committee, my name is Robert Romasco and I am the President of AARP. I want to thank you for inviting AARP here today to discuss the issue of financial exploitation of our older population.

AARP is a nonprofit, nonpartisan organization, with a membership of more than 37 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment security and retirement planning. The AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. AARP has staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Learn more at [www.aarp.org](http://www.aarp.org).

As you may know, AARP and the AARP Foundation have been deeply involved in fraud prevention research dating back to the mid-1990s. I want to briefly summarize three areas of this work:

1. Who are the victims?

2. Why do older persons fall for scams?
3. Are there prevention programs that work? ....

### **1. Who are the victims?**

Since 2003, AARP and its' research partners have completed five studies of lottery fraud victims. The most recent effort was the 2011 National Victim Profiling Study that surveyed 1,500 consumers from the general public and over 700 fraud victims.

This study showed that while consumer fraud can happen to anyone, some people are more likely to be taken than others. Lottery fraud victims, for example, are more likely to be women, who are over the age of 70, divorced or widowed, have less formal education, have less income and they may have more cognitive impairment than others their age.

In other words, Mr. Chairman, this is our most vulnerable population.

From a behavioral standpoint, our research has shown that lottery fraud victims are more likely to listen to sales pitches over

the phone from unknown callers, read advertising solicitations that come through the mail and email, and they are less likely to be signed up for the national Do Not Call list.

## **2. Why do older persons fall for scams?**

In the past ten years, there has been a flurry of research about why older consumers fall for fraud. In the interest of time, Mr. Chairman, I am going to provide just a few quick highlights from this work, and please note that the committee staff has been given complete copies of several of these studies.

AARP and its' research partners have pursued three research questions: what persuasion tactics are used by cons to successfully scam victims; what is going on psychologically with victims that makes them vulnerable and is cognitive impairment a factor in fraud victimization?

**A. Persuasion Tactics** – AARP and the FINRA Foundation have analyzed hundreds of tape recordings of con artists pitching elderly victims. Three specific persuasion tactics

have been found most frequently in fraud schemes: offering **enormous wealth**, using **scarcity** to create urgency and using **fear** to frighten the victims. And as we have seen with the Jamaican lottery scam, fear has been used over and over again to literally scare older victims into handing over their money.

**B. Psychological Factors** – AARP and Stanford have pursued research that tested the application of positivity theory to fraud. Positivity theory says that as we age, we tend to focus on positive events and ignore negative events as a coping strategy. If a con man calls an older person and tells her she has just won \$8 million dollars, there is a tendency for her to focus only on the winnings and ignore the more negative possibility that it is a scam. This could be a contributing factor to why older people are more victimized.

**C. Cognitive Impairment.** It is no secret that as we age, some of us experience diminished cognitive capacity. In 2009,

AARP hired highly skilled geriatric social workers to go into the homes of lottery victims and give them a series of cognitive tests. Close to 80% were found to have some cognitive loss, which is a much higher rate than for others in the same age group.

I want to emphasize Mr. Chairman that all three of these areas of research are in early stages and much more needs to be done to definitively determine why older people fall prey to fraud.

### **3. Are there prevention programs that work?**

While it is true that anyone can be taken by a scam, profiling research has taught us that some people are more likely to be taken than others. These profiles enable fraud prevention practitioners to direct information to those being targeted by the con artists. I want to share a few examples:

One example is the Fraud Fighter Call Centers, operated by the AARP Foundation. There are currently centers in Seattle, Denver and Charleston, West Virginia. In each center, older

volunteers offer support, peer counseling and referral information to individuals who have been victimized or who meet the profile of a vulnerable consumer.

There have been two major studies of this program. The first study was done by the US Department of Justice in 2003. The second was done by the Stanford University's Fraud Research Center in 2010. Both studies found that significantly more of those who received peer counseling from the Fraud Fighter Call Center were able to resist fraud.

Mr. Chairman, AARP's prevention efforts would be greatly enhanced with increased funding and lead lists. Criminals are most successful targeting the most vulnerable when they use what is commonly called lead lists.

Our research and experience has shown that there are three types of vulnerable consumers:

- A. Less Vulnerable - Randomly selected consumers from the general population;

B. Moderately Vulnerable - Individuals who meet the profile of a lottery victim and the;

C. Most Vulnerable - individuals who have been previously victimized and/or who have been targeted by scammers on a lead list.

The Call Center would prefer to call only victims and victim targets (from lead lists) because they are by far the most immediate targets and the most vulnerable. It is not uncommon for a volunteer to call one of these "most vulnerable" consumers and hear them say "I was just about to wire \$5,000 to Jamaica". There is nothing more powerful than the good guys calling the same people the bad guys are calling and saving the day.

Right now, only a tiny fraction of those we call are in this most vulnerable category, primarily because our access to lead lists is extremely limited (about 200 a month from the FTC). Most of the people we call are in the "moderately vulnerable" category (approximately 15-18,000 a year). We never call the general public.

If we could reach 200,000 of the most vulnerable consumer population (victims or targeted victims) a year by accessing seized lead lists from law enforcement, we could dramatically increase our impact on this problem.

Partnerships with major organizations have produced mixed results. For example, we have had some preliminary conversations with the SEC and with ICE about entering into MOUs with them to allow the transfer of lead lists but nothing has materialized yet.

AARP has strategic partnerships with the FTC and the US Postal Inspection Service (USPIS). The FTC forwards AARP those lottery and sweepstakes complaints it receives from older consumers who have consented to have their name released so we can provide peer counseling to them.

One recent partnership with the US Postal Inspection Service to send out millions of foreign lottery fraud warnings to older persons across the country is very promising. This month (March, 2013), USPIS and AARP launched an effort to warn millions of older

Americans about foreign lottery fraud. Postal is mailing 25 million postcards to Americans aged 45-65 that has the AARP logo and the US Postal Inspection Service logo on it. In addition, brochures will be in 33,000 post offices around the country and several television PSAs will air on the topic throughout the month of March. Also, the AARP Foundation's Fraud Fighter Call Center's phone number is on cards being mailed into Washington State as a pilot project. Already, thousands of caregivers and victims are calling in who have been targeted by fraud.

Already there is evidence that this effort is helping in the fight against foreign lottery fraud. A woman from Washington State called AARP last week and told us she got the card in the mail and about an hour later, a scammer called her and told her she had won the lottery. She literally read the warning off the card to the scammer and hung up. Perhaps forewarned really is forearmed.

Finally, even AARP has to contend with misrepresentation and exploitation of older Americans. In Maine, our state office received information from local law enforcement concerning fraudulent

telephone calls being made to residents from callers claiming to be AARP representatives. Claimants who contacted the Sheriff's Office stated that the scammers said that in order to send out the claimant's new AARP card, personal information needed to be "verified" including a telephone number, address and personal banking information. To be clear, AARP does not ask for personal banking information from its members. Our Maine state office responded with a full press blitz warning residents who receive telephone calls from someone claiming to be from AARP or any other entity that asks for sensitive information should contact their local police department immediately to report the incident.

### **Conclusion**

Mr. Chairman, Ranking Member Collins, and members of the Committee,

Consumer fraud has been and continues to be a significant problem in the United States. Intervention, prevention and tough

enforcement at both the federal and state level are needed to combat these ruthless con artists and international criminals.

A quote from a recent AARP report summarizes the devastation of these criminal activities, "After a lifetime of doing all the right things to prepare for a comfortable and dignified retirement, too many older Americans are having their retirement security threatened by financial predators."

AARP will continue to work with all partners, including Congress, to inform Americans about these scams, and to prevent more tragedies like the ones we have heard today.

Thank you.

Chairman NELSON. Mr. Romasco, to what degree do you think that the prepaid money cards—this is one example, it is a money pack. You load money onto it and then you can transfer the money by the PIN number. To what degree do they have a responsibility, in your opinion—speaking for AARP—to help crack down on this scam?

Mr. ROMASCO. Senator, I think that we have to look at the entire financial system. I think these are participants, and we heard the names of respected—the Visa card, the whole credit card industry, bank wire transfers, every vehicle. These guys will use any vehicle to get money. So I would not limit myself to prepaid cards. They have an equal responsibility, but I look at the whole financial money system. This is money laundering. This is fraud. And these guys understand the rules and they get the money. So I think each one of these organizations should be required to cooperate and be transparent to any investigation that we would launch.

Chairman NELSON. In the case of some other scams, it is hard to find some of the criminals because of the money loaded onto the prepaid card—for example, the IRS tax refund—and it is hard to go after the criminal because there are no identities there.

Mr. ROMASCO. Mm-hmm.

Chairman NELSON. Okay. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Sheriff King, I was struck by the experience of Ms. Nichols and Ms. Ellis in trying to get help. Ms. Nichols talked about making dozens of phone calls to the State Attorney General's Office, to the FBI, to the Postal Inspector, just over and over again, trying to find help, until FairPoint and you both came to the rescue. So that raises questions in my mind about the effectiveness of Federal, State, and local law enforcement's efforts to shut down these scams.

I totally agree with our Chairman that the best thing we could do would be to extradite some of those criminals from Jamaica and prosecute them here in American courts. But short of that—and we will be pushing on that front, I can assure you—could you give us your analysis of the effort at the Federal level, because that is what we have jurisdiction over, to shut down these scams. And in particular, I would be interested in your evaluation of Project JOLT, which is the law enforcement task force at the Federal level.

Mr. KING. What I found in the Federal level is a culture of indifference. I have not found a lot of interest in doing these scams and doing these cases.

Back in August 2011, we knew—we investigated this and I could not get any Federal agency to help me. As recent as January, a couple of months ago, we had another case that came in from Aroostook County, and the Aroostook County detective called me because the Aroostook County victim was sending money to a person in Lebanon, Maine, in Southern Maine, and that person was a past victim who was facilitating the scam, sending the money to Jamaica.

And it just so happened that that victim in Lebanon, who was the facilitator, developed a friendship with the scammer and she had sent things to him. So we had a real address and we actually had a true name of the scammer. So I immediately contacted JOLT

and said, "Let us get on this," and I even used one of my contacts that I met in Jamaica when I went to a conference just to ascertain, is that address a true address.

So I had a true name and I had a true address and the only response I got from JOLT was, "Are you working with any Federal agencies?" No. No. None want to do this. But, please, we can take care of this. My idea was to send a watch or something—she had sent him jewelry before—and put some scam money in it and watch it go in. They were not—I did not receive any response. My e-mails went unanswered.

A couple weeks later, a news station went and they interviewed this woman and said, "Gee, tell the scammer that you have a girlfriend coming to town." They did, and they met the scammer in a café, and it was featured last night on World News.

So these cases are complicated, but they are not that complicated. What we need to do is put our egos aside and work on these cases. Federal, local, county agencies can all work together and we can get these cases solved, and I think you and Chairman Nelson are absolutely right. Extradite a couple of these criminals and we will send a very clear message that we mean business.

Senator COLLINS. It is extraordinary to me that here you had a case all developed. You are delivering it on a silver platter to the officials. And yet, still no action was taken. I can assure you that the Chairman and I are going to pursue this vigorously. This is just wrong, and we will show a chart later in the hearing that shows the number of these cases has just exploded, which is what happens when there is no prosecution, when there is no penalty that is being paid by these scammers.

Dr. Shadel, I understand that you are the coauthor of two critical studies on fraud and that you found that the con artists rely on three techniques in particular. Could you just briefly explain to the committee the three techniques, because that might help alert families and victims of what to be aware of.

Mr. SHADEL. Yes. Thank you, Senator Collins. Well, the first one you have heard described here, which is—we call it phantom wealth dangling. A phantom is something that you want, but you cannot have, and all con artists do this. The Jamaicans do it, as well. So that is what the \$8.1 million lottery winnings, or \$2.5 million is.

And what happens, when we interview these con men, they say, what we are trying to do is get people under the ether. Ether is a heightened emotional state where you get so excited about this phantom wealth that you stop thinking rationally and you are just thinking in terms of, all I can think about is what this will buy, what it will do for my family. So I would say the first one is dangling that phantom wealth.

The second one is really about just urgency, getting people to act quickly. If you do not spend \$2,000 for the taxes now, someone else will get the winnings. That is just a strategy for getting people to move. But it is all designed to get people into this heightened emotional state, and the heightened emotional state explains why retired physicians, doctors, lawyers can do this, because they are not engaged—their cognitive capacity is not engaged. It is being bypassed because they are in this ether.

And the final one, which we have seen done most with the Jamaicans, is just plain fear, people threatening to—you know, “Do you want me to come and burn your house down?” which we saw on the news the other day. And that is what makes this Jamaican scam different than other scams we have investigated before, is just the relentlessness of it, just calling hundreds of times. Most con artists will follow the path of least resistance. If you say no, they will move on because there is always somebody else. Not with the Jamaicans.

Senator COLLINS. Thank you.

Mr. Chairman, I would note that these criminals from Jamaica are so brazen that they have actually called Sheriff King, too, when they have been in search of a victim that they lost contact with. It is just extraordinary, how brazen they are. Thank you very much.

Chairman NELSON. They have called me with the answer on the phone, “Senate Aging Committee.” Indeed.

Okay. Senator Warren.

Senator WARREN. Thank you very much. Thank you very much, Mr. Chairman, and thank you, Ranking Member Collins, for holding this hearing. It is so important, what you bring out here. And I want to thank every one of you for showing up.

I also want to thank Senator Collins, in particular. We hear down in Massachusetts about the education programs that you have run on this and trying to help warn people and we are trying to learn from it.

I want a chance to publicly acknowledge the Massachusetts Association of Retired Federal Employees. We are about to send a mailing from our office, a warning from our office. They are going to send out a mailing to 10,000 of their members about this. We are trying to learn what we can to try to be helpful on the educational front, and I am grateful for every idea here.

I want to say, this has been covered some in the Massachusetts papers. We have been trying to follow this. And I read a piece in a Massachusetts paper reporting that the Federal Bureau of Investigation will not get involved in a fraud unless there is more than a million dollars at stake. I have not been able to verify this, but I would just like to know, Sheriff King, have you heard anything about this and do you have any comment on that?

Mr. KING. No, I do not know about that. I know they have oftentimes high-dollar figures, that they only want to work on the most impactful crimes. But I have just not—I have gone to the FBI. I just have not—it just seems to be that culture of indifference that they do not want to work on these types of cases.

Senator WARREN. Well, I am really struck, too, particularly in this case, because, Ms. Nichols, I think you were saying, and I think you were, too, Ms. Ellis, it does not start at \$100,000 or \$600,000. It starts—how much, Ms. Nichols?

Ms. NICHOLS. Five hundred, in the case of my dad.

Senator WARREN. That is right, which sounds too small for Federal involvement. I very much take the point around this that perhaps our Federal agencies need to rethink how they evaluate this sort of stepped-in scam that can involve thousands of dollars, hundreds of thousands of dollars, and the independence of an indi-

vidual, the self-worth of an individual, which I think is a very serious part. And I appreciate your bringing a real sense of what is going on there. Thank you for coming forward and doing this.

I want to ask one other question, though. Mr. Romasco, you described—and in the question, I think Dr. Shadel did, too—about the question about the money cards. Since the whole financial system—and you referred to this as money laundering, effectively, which made my ears perk up.

We had a money laundering hearing just last week and the conversation about money laundering was around drugs and around moving money out of countries where we have economic sanctions, such as Iran, and part of our national security policy is to make sure that we are not bringing in money from those countries, not trading. And we hold financial institutions responsible. At least on paper, we hold them responsible for money laundering. I think there is a serious question about enforcement there, as well.

But I want to ask you the question about whether or not these scams either currently fit within the laws of money laundering or should be fitted into the laws of money laundering.

Mr. ROMASCO. Well, I am a little cautious about being a legal expert—

Senator WARREN. Fair enough.

Mr. ROMASCO [continuing]. But one of the things that is great about people is we learn from others.

Senator WARREN. Mm-hmm.

Mr. ROMASCO. And my speculation is that these scammers have learned. If, as we have heard, they were in the drug business, the drug business is pretty smart about laundering money. Gee, you think they might have applied the same techniques of moving cash from point A to point B to the scamming business? That is just speculation on my part.

So, again, from our perspective, we are about consumer education, prevention, and just arming our members and the people over 50 with the tools to say no and protect themselves. At the same time, we would advocate consistent aggressive law enforcement, and the reason I said it is the whole financial system is not because I have unique knowledge about it, but as a businessman, you look at all the ways to achieve your objective, and that is what these criminals are doing. If they learned how to move money to buy drugs and all that kind of stuff, they probably know the ins and outs of the financial system and how to move money from Manhattan to Colombia to Jamaica, and I would suggest that it is the entire—we have to look at that.

And I think you make an extraordinarily important point. Because you do not start out at \$10,000 or a million dollars, but if in collective it impacts tens of thousands of our senior citizens, and if the Met Life study is even remotely close, \$3 billion? If someone showed up here and said, “I am going to steal \$3 billion from seniors in America,” I think there would be a lot of people pretty upset about it.

Senator WARREN. That is right. I think we could probably—

Mr. ROMASCO. But if it happens gradually—

Senator WARREN [continuing]. Get the police to respond.

Mr. ROMASCO. If it is gradually, under the radar and offshore, it does not have the visibility and the powerful impact.

Senator WARREN. Uh-huh. Thank you. That is a very important point.

Dr. Shadel, did you want to add? I am just about over—I am over time, but—

Mr. SHADEL. I think he said it very well. The only thing I would point out that is—I do not want to necessarily defend law enforcement, although I was an investigator for a lot of years, and I gave up trying to catch con men because they were always one step ahead. Now, with technology and with this Jamaican thing, where they are having victims send money to each other, it is really, really challenging to try and figure out where the money is going, so—

Senator WARREN. Well, thank you very much, but I am quite sure that if we do not try, we will never figure it out, and that cannot be the right answer. I hope there is a special circle of hell for the people who prey on our seniors in this way.

Chairman NELSON. Amen.

Senator WARREN. Thank you.

Chairman NELSON. Senator Ayotte.

Senator AYOTTE. First of all, I want to thank Chairman Nelson and Ranking Member Collins for holding this important hearing and for your leadership on this issue.

And thank you, Sheriff King, for obviously being so dedicated to pursuing these cases. I appreciated the time that you came to explain them to me. And also, Kim, I am so sorry about what your father has gone through, but so glad that you have taken on this advocacy to explain this issue so that we can prevent other seniors from being victims of this. There is a special place in hell—I agree with Senator Warren on that—for the people that do this.

I was curious in listening to the experience, Sheriff, that you said you had with, I believe, the JOLT Task Force within ICE, and it struck me that ICE seemed an odd place to put this. I understand, obviously, the connection with Jamaica, but for other crimes—for example, when we want to focus on crimes against children, we have an Internet Crimes Against Children. Whether it is gun crimes, the DOJ will do a Gun Task Force.

So what do you think about the idea, and what do you think would be best on a law enforcement model? The Department of Justice strikes me as a better place for this, and also to make it a priority to create some kind of dedicated task force, given the billions of dollars we are talking about as a loss. So I just wanted to get your thoughts of what you thought the best path forward, and if we are really serious about enforcement, how do we dedicate people that are really going to take this seriously, and that is their mission, to dismantle the people who are committing this fraudulent scheme?

Mr. KING. Well, I think the FBI has the infrastructure currently available to handle this and I would like to see task forces similar to the JTTF, the Joint Terrorism Task Forces, that are all over the country and they have a specific area and they can take ownership of that. I think Chairman Nelson mentioned earlier that he knew of a case where somebody was sending \$300 million and they were

on the FBI Watchlist. Those watchlists are available. In fact, I have had a victim of mine on the watchlist and I said, why did you not tell us, and they did not tell us. So it is very frustrating from the boots-on-the-ground law enforcement not to have the whole picture when we are investigating these cases. We are the ones that typically get the first information about that.

But I think, you know, a system similar to JTTFs throughout the country, where somebody takes ownership and there is someplace to go. The dozens of victims and their families that I have spoken to throughout the country as a result of the FairPoint Web site, everybody expressed that. There is just no place to go to report these crimes.

Senator AYOTTE. So when you say a JTTF model, you are thinking about the collaboration with local, State, and Federal, maybe led by DOJ with dedicated coordination efforts?

Mr. KING. Absolutely. I think that is the perfect model to have.

Senator AYOTTE. Okay. I appreciate that. Thank you for that.

And what else—I mean, I know that Senator Collins said, and I fully agree with her that we should do everything we can to extradite these criminals from Jamaica. I just wanted to get your thoughts on what efforts we are undertaking with respect to putting pressure on Jamaica and the Jamaican government and partners. Is there more that we can do at the Congressional level to help those efforts?

Mr. KING. Well, I know that the Jamaican officials—I forget the name of the organization, but they had a conference here on February 22, and Jamaica does have a concerted strategy. You know, they are going to do it with increased operations, education, and legislation. I would at least like to see us have a similar strategy, and perhaps we do not need the legislation, but at least have a strategic plan in place of how we are going to collaborate with the Jamaicans to get the information in a timely fashion.

I think studies are wonderful and they certainly tell us stuff, but, I mean, here we are, how many years later, and we are still being victimized. And a study sometimes is not—that is one of the flaws with intelligence. It is not timely and it is not—you cannot use it operationally, because by the time a study comes out, it has already passed a couple years.

So I think that is what—I just think we need to be operational quicker so that when we get a phone number in Jamaica, we have some Jamaican collaboration and we find out where that number is going.

Senator AYOTTE. Well, you know, when we see a problem and we put together a task force of JTTF, my experience when I was Attorney General, we can get things together quickly if we want to, and hopefully with the backing, obviously, of the people who are here to try to get the right task force and action. And I agree with you. This is too critical. We cannot just study this. We have got to move on this right away.

So I really appreciate all the witnesses here, your testimony, your advice, and we appreciate receiving your advice going forward on how we can address this and stop these horrible crimes. Thank you.

Chairman NELSON. And we want to thank the first panel, and as we are going to the second panel, I will indicate to you that we have a new Pope. It is Cardinal Jorge Mario Bergoglio of Argentina.

[Exclamations of surprise.]

Mr. ROMASCO. That was quick. See, things can happen quickly. You are right, Senator.

Chairman NELSON. That is right.

[Laughter.]

Okay. Thank you again.

Now, we are going to hear from some additional folks with a different perspective. We are going to hear from Shawn Tiller, Deputy Chief Inspector of the U.S. Postal Inspection Service. Mr. Tiller oversees the Inspection Service Criminal Investigations Group, Forensic Laboratory Services Unit, Management, Analysis, and Planning Group, and Career Development Unit. He also serves as the Postal Inspection Service's designee on the Elder Justice Coordinating Council, a multi-agency group that advises on the prevention of abuse, neglect, and exploitation.

And then we are going to hear from Vance Callender. He is the Operations Chief in charge of Homeland Security Investigation Offices in both Mexico and Canada. He opened the first Homeland Security Investigation Office at the U.S. Embassy in Kingston, Jamaica, and was the country attache. While in Jamaica, Mr. Callender also created Project JOLT, which we have spoken about, the Jamaican Operations Link to Telemarketing. It is an international task force which targets Jamaican-based advance fee fraud, which you have heard about.

And then we are going to hear from Phil Hopkins, who is the Vice President of Global Security for Western Union Financial Services. He formerly served 20 years in the U.S. Secret Service, completing his career as the Assistant Special Agent in Charge of the Houston Field Office.

And so before we proceed, we are going to have a video that the U.S. Postal Inspection Service prepared to share with the committee. The woman shown is Ms. Ellis' mother.

[A videotape was played.]

Does that not tell you how vulnerable this population is?

Okay. Mr. Tiller.

**STATEMENT OF SHAWN S. TILLER, DEPUTY CHIEF  
INSPECTOR, U.S. POSTAL INSPECTION SERVICE**

Mr. TILLER. Good afternoon. Chairman Nelson, Ranking Member Collins, and the members of the Special Committee, I am Shawn Tiller, Deputy Chief Postal Inspector of the United States Postal Inspection Service. On behalf of our agency, I appreciate the opportunity to provide this statement in support of this hearing on Jamaican phone fraud targeting seniors.

The Postal Inspection Service has a long, proud, and successful history of fighting crime against those who attack our nation's Postal system and misuse it to defraud, endanger, or otherwise threaten the American public. My testimony will describe our experiences investigating Jamaican lottery fraud and how we work to

protect U.S. consumers, particularly in the areas of enforcement, education, and partnerships.

International lottery and prize scams are not new. They are a variation of traditional advance fee scams promising guaranteed wins. They require victims to send a fee to redeem their prize. Consumers send money to these crooks but never receive a prize. Instead, they are relentlessly coerced into sending more of their hard-earned money.

Evolving technologies allows criminals to easily cross international borders quickly and anonymously. They prey on Americans from countries overseas and out of reach of U.S. jurisdiction, which is why we term them cross-border. Disposable cell phones and Voice Over Internet Protocol extend the overseas criminals' reach into the American household. The number of countries housing predators who target Americans continues to rise, as do the number of victims.

The use of the mail to commit these crimes provides the Postal Inspection Service investigative jurisdiction. In traditional foreign lottery scams, the mail nexus commonly occurs in solicitations sent to consumers. The Jamaican scam differs, however, in that victims are more often solicited by phone and the Internet and may use the mail to send money to the scammer. Jamaican lottery fraud is a growing problem for Americans, but it has not involved the use of the mail to the extent of more traditional advance fee scams.

Consumer complaint data received through the Postal Inspection Service's Complaint Hotline since September 2008 ranks Jamaica 16th as a source country for foreign lottery and sweepstakes complaints. They trend significantly behind Canada, Australia, and the Netherlands.

The potential for fraud is infinite and we believe it is under-reported due to a number of factors. Victims do not know where to report fraud or they are embarrassed to do so. Cognitive issues may also play a role. Despite the low number of complaints we received, our investigative efforts have identified more than 1,000 victims who have suffered nearly \$17 million in losses from fiscal year 2009 to 2012. These investigations were conducted under the Jamaican Operations Linked to Telemarketing Task Force, also known as Project JOLT. To date, we count 20 indictments, 92 arrests, and 18 convictions amongst our successes. We have returned \$1.4 million to these victims.

We combat these crimes most effectively through cross-border task forces. Prior to JOLT, we have experienced successes as part of the Center of Operations Linked to Telemarketing Fraud, or COLT, and several other Canadian and international partnerships.

In a little more than three years, Project JOLT is making progress. Information sharing between agencies continues to increase as we learn how to better coordinate and facilitate its flow between countries. The Jamaican government is developing new laws to address strategy gaps. We embrace the advances made and adapt our enforcement efforts accordingly. But there is a great deal more to achieve.

Law enforcement's deterrence factor in traditional advance fee schemes is diminished by the cross-border element. Arrests alone will not stop these crimes as law enforcement is not the first line

of defense. When consumers make the wrong decisions, law enforcement, consumer groups, and government leaders are called to action. Offenders are brought to justice through enforcement, and we might restore a portion of the victims' losses. But we are seldom able to repair the emotional damage caused by these crimes.

Consumers can be empowered through education, preventing them from becoming a victim of fraud, halting their financial demise and avoiding the emotional toll. Education is clearly the first line of defense. We can help older Americans by alerting their caregivers about the warning signs of fraud and victimization. That is why we are committed to prevention and outreach efforts and seek innovative ways to deliver our message to the public.

In recent years, we have launched consumer education initiatives targeting current and ongoing scams. We use print, broadcast, and social mediums to address the message to the public. We have participated in press events, including last week's press conference held by you, Mr. Chairman, in the great State of Florida, to help raise this awareness. We have leveraged public and private sector partnerships to expand our outreach, creating crime alerts which air in 90 media markets three times each week in more than three million homes.

And we have partnered with AARP to educate consumers, caregivers, and older Americans. Together, we placed foreign lottery fraud prevention materials in more than 30,000 Post Offices across the country and sent a mailing to 25 million American households directing at-risk consumers to fraud prevention resources. I brought an example of these materials, which were cosponsored by AARP, and I hope they are in your packet, and they should be in the back of the room.

We at the Postal Inspection Service commend the members of this committee for focusing attention on this significant and troubling issue and thank you very much for inviting us to testify today and contribute our experiences.

[The prepared statement of Mr. Tiller follows:]

**Testimony of Deputy Chief Postal Inspector Shawn Tiller  
Before the Special Committee on Aging**

**United States Senate  
113th Congress, 1st Session**

**876-SCAM: Jamaican Phone Fraud Targeting Seniors**

**Wednesday, March 13, 2013, 2:00 p.m.  
Dirksen Room 562**

Chairman Nelson, Ranking Member Collins, and members of the Special Committee, I am Shawn Tiller, Deputy Chief Postal Inspector of the U.S. Postal Inspection Service. On behalf of the men and women of our agency, I appreciate the opportunity to present the testimony of the U.S. Postal Inspection Service in support of this hearing on Jamaican Phone Fraud Targeting Seniors.

As one of our country's oldest federal law enforcement agencies, founded by Benjamin Franklin, we have a long, proud, and successful history of fighting crime against those who attack our nation's postal system and misuse it to defraud, endanger, or otherwise threaten the American public. For over 250 years, Postal Inspectors have investigated criminal offenses involving the mail and the postal system. From embezzlements in colonial Post Offices to mail train robberies in the 1800s, from major fraud cases in the 1900s to the mailing of deadly anthrax in 2001, Postal Inspectors have worked diligently to ensure America's confidence in the U.S. Mail.

Postal Inspectors tenaciously investigate criminal offenses involving the mail or postal system. As federal law enforcement officers we carry firearms, make arrests, and serve federal search warrants and subpoenas. To carry out our mission, Inspectors work closely with the Department of Justice and U.S. Attorney's Offices, other federal and local law enforcement agencies, and local prosecutors to investigate cases and prepare them for court. Postal Inspectors enforce more than 200 federal laws related to crimes that adversely affect or fraudulently use the U.S. Mail, the postal system, postal employees, and postal customers.

To effectively enforce these laws, we have stationed approximately 1,400 Postal Inspectors throughout the United States and have a presence in Puerto Rico, Guam, and Germany, as well as at Universal Postal Union (UPU) Headquarters in Berne, Switzerland. In the last fiscal year, these 1,400 Inspectors reported nearly 8,000 arrests and indictments and 5,000 convictions.<sup>1</sup> They also responded to more than 3,300 incidents involving suspicious substances or items in the mail or at postal facilities.

My testimony will describe our experience investigating Jamaican lottery fraud and how we work to protect U.S. consumers, particularly in four key areas: (1) information-sharing, (2) investigative assistance, (3) cross-border jurisdictional authority, and (4) partnerships with law enforcement.

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<sup>1</sup>Arrests, indictments, and convictions may be related to cases from prior reporting periods.

International lottery and prize scams are not new. They are essentially a variation on traditional advance-fee scams in which victims are told they are “guaranteed” to win—or they have already won. The scammers instruct them to remit a fee to redeem their prize—described variously as taxes, duties, or handling fees. Unwitting consumers remit large sums of money to these crooks, but instead of a prize, all victims receive are more phone calls and mailings. Once they have taken the bait, the unrelenting scammers coerce victims into sending them even more of their hard-earned money.

A “cross-border” element occurs as the result of a criminal’s location. Evolving technologies allow criminals to easily cross international borders, both quickly and anonymously, to prey on Americans from countries overseas—and out of reach of U.S. jurisdiction. Sadly, the victims are often those who can least afford it. Older Americans on fixed incomes and the disadvantaged are represented disproportionately in victim demographics.

Unfortunately, the number of countries from which predators choose to operate and target Americans will only continue to increase, as will the number of victims. Disposable cell phones and voice over Internet protocol (VoIP) make it even easier for overseas criminals to reach American households, allowing them to disguise foreign phone numbers as U.S. numbers. This insidious practice allows scammers to victimize citizens where they typically feel safest: in their homes. Using victim “lead lists” which are sold in the underground market, scammers can even more precisely target their victims. They hone in on vulnerable groups according to age, income, occupation, and other factors—such as whether someone has entered previous lotteries and sweepstakes games.

Predators aggressively victimize Americans from outside the protection of our national borders by phone, through the mail, and over the Internet. They remain anonymous, and faceless to their victims.

We in the Postal Inspection Service have investigative jurisdiction when the mail is used to commit a crime. In traditional foreign lottery scams, the mail nexus commonly occurs in solicitations sent to consumers. On the other hand, in Jamaican scams victims are most often solicited by phone and the Internet. Use of the mail arises more typically when a victim mails money to the scammer in Jamaica or to a conspirator, whose role is to consolidate and redirect the money elsewhere. Funds are almost always sent by mail, commercial courier, wire transfer, or human transport. Recent data from the Federal Trade Commission (FTC) estimates that fewer than 10% of fraud scams involve use of the mail and that nearly 7 in 10 incidents involve the telephone or Internet.<sup>2</sup> However, we consider any criminal misuse of the mail to be too high—and actively seek opportunities to mitigate harm to American consumers.

Consumer complaint data received through the Postal Inspection Service's complaint hotline from September 2008 to the present, indicates Jamaica ranks 16<sup>th</sup> in the total number of countries reported as an origin for foreign lottery and sweepstakes complaints. As a source nation, they trend significantly behind Canada, Australia, the Netherlands, England, and Spain (refer to Exhibit 1).

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<sup>2</sup> "The Consumer Sentinel Network Databook for January–December 2012," Federal Trade Commission, February 2013.

<b>Foreign Lottery and Sweepstakes Complaints</b>						
United States Postal Inspection Service						
Country	2009	2010	2011	2012	Total	Rank
CANADA	18,999	8,561	14,856	5,532	47,948	1
AUSTRALIA	4,859	2,176	1,915	783	9,733	2
NETHERLANDS/HOLLAND	3,333	1,730	1,876	1,171	8,110	3
ENGLAND	2,054	1,631	2,154	1,966	7,805	3
SPAIN	981	1,397	2,183	1,616	6,177	4
JAMAICA	70	45	34	18	167	16

*Fraud reports by consumers made to the Postal Inspection Service Criminal Investigations Service Center*

Exhibit 1

This data does not indicate an increasing trend, as one would expect. But it supports the premise that mail is not the primary means used by criminals to conduct this crime. And it justifies our concern that our data does not represent the true level of threat this crime represents to American citizens.

<b>Cross-Border Foreign Lottery/Sweepstakes Cases FY 2009 - FY 2012</b>					
United States Postal Inspection Service					
Partnership/Task force	Fraud Loss	Victims	Indicted	Arrested	Convicted
Alberta Partnership	\$ 35,478	26,290	2	1	0
Project COLT	\$ 8,050,175	2,388	13	15	8
Project EMPTOR	\$ 8,831,699	2,685	7	5	4
<b>Project JOLT</b>	<b>\$ 17,138,239</b>	<b>1,083</b>	<b>28</b>	<b>92</b>	<b>18</b>
Toronto Strategic Partnership	\$ 18,153,810	9,586	15	6	4
Vancouver Strategic Alliance	\$ 830,776	570	1	2	2
<b>Foreign Lottery/Sweepstakes</b>	<b>\$ 53,040,177</b>	<b>42,602</b>	<b>66</b>	<b>121</b>	<b>36</b>

Exhibit 2

Despite the low number of complaints received by the Inspection Service, investigative efforts identified more than 1,000 victims who suffered losses of nearly \$17 million from fiscal year 2009 to 2012. These investigations were conducted in conjunction with the Jamaican Operations Linked to Telemarketing Task Force, also known as Project JOLT. To date, our combined efforts have led to 28 indictments, 92 arrests, and 18 convictions (refer to Exhibit 2). And we have returned nearly \$1.4 million to victims of these crimes.

The difficulty in accurately measuring the extent of cross-border fraud is similar to that encountered in measuring the scope of all fraud. The potential for fraud is infinite. Our experience, confirmed by the FTC, is that fraud is underreported. Victims may not know where to report fraud, or they are embarrassed to admit they have fallen victim to a fraud scheme. Older Americans may fail to report being victimized for fear they will lose their financial independence—when family members seek to control their financial affairs. As law enforcement agents who work one-on-one with victims of fraud, we know that cognitive impairment can hamper the ability of older citizens to make sound choices, to discern fraud, and sometimes to even recall being victimized at the hands of these criminals. Postal Inspectors investigating these crimes have reported instances in which they were able to return a victim's funds, only to have the victim re-send the money to criminals the following week, with no memory of events transpiring the prior week.

If you correlate the history of the Postal Inspection Service with the evolution of fraud, you can see how we have adapted our methods to address the challenges that have arisen as commerce, fueled by technological advances, has evolved. In 1872, mail moved from Pony Express to the railroads, and fraudulent promoters moved from state to state to avoid prosecution, taking advantage of the absence of federal law.

While we adapted our investigative tactics, Congress responded by enacting the Mail Fraud Statute in 1872. It is the oldest consumer protection law, and it has withstood the test of time, changing little through the years. In 1994, Congress modified it to include

private couriers, allowing us to address private overnight shipments. And Congress also created the false representation statutes.

The False Representation and Lottery Statute, 39 U.S.C. § 3005, allows the Postal Service to take administrative action to return to consumers mail sent in response to a lottery or scheme that seeks to obtain money or property by mail through false representations. These proceedings effectively stop the flow of money to unscrupulous promoters. These statutes, which were strengthened by Congress with the Deceptive Mail Prevention and Enforcement Act of 1999, have gained muscle through stiffer penalties and provide a more effective tool for law enforcement.

Because administrative proceedings under this statute may be time-consuming and mail scams often are of short duration, two federal statutes, 18 U.S.C. § 1345 and 39 U.S.C. § 3007, authorize U.S. district courts to issue injunctive relief to prevent consumer losses while administrative proceedings are pending.

Additionally, in cases where a promoter uses a fictitious name or address in connection with a fraudulent scheme in violation of 18 U.S.C. § 1341, or to escape identification, the Postal Service can withhold mail in response to the scheme pending adequate identification and proof of entitlement to the mail.<sup>3</sup>

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<sup>3</sup> 39 U.S.C. §§ 3003, 3004

Our criminal enforcement work is not limited to federal prosecutions. We also use our expertise in fraud investigations to assist state and local authorities with cases pursued in state courts. These tools are all components of a valuable arsenal we use to combat fraud in the United States. As we have become more effective within our borders, criminals have fled to the safe havens in foreign countries—often outside the reach of U.S. authorities. We saw this in the late 1990s with the surge of telemarketing crime that migrated across our border into Canada. We responded accordingly.

In 1998, the Centre of Operations Linked to Telemarketing Fraud (COLT) was launched. It was an integrated project to combat telemarketing fraud originating from Canada. We are active participants in this task force, which includes Canadian law enforcement officials, other U.S. federal law enforcement agencies, and the U.S. FTC.

The COLT mission is threefold: to investigate mass-marketing fraud, to carry out interception operations, and to offer prevention and educational programs. COLT team members are tasked with investigating mass-marketing fraud based in the greater Montreal area. Through prevention and education, it also aims to be proactive in ending fraudulent activities and raising public awareness about this crime. Since its launch in 1998, the initiative has led to the recovery and return of more than \$24 million to the victims of telemarketing fraud. We participate in other cross-border task forces, including the Alberta Partnership, Project Emptor, the Toronto Strategic Partnership, and the Vancouver Strategic Alliance.

At the time COLT was formed, the telemarketing and boiler-room issue was not a problem in Canada and did not focus on Canadians. Canada did not have existing laws to combat the problem for American victims. Prosecutors relied on established methods, such as requesting assistance through Mutual Legal Assistance Treaties (MLATs) and traditional extradition procedures. There is a striking similarity today to the situation in Jamaica. We should be prepared to assume this will continue to be the challenge faced, as these schemes migrate to other locations around the globe.

In expanding our cross-border partnerships, we have aligned with private-sector stakeholders to develop a phone number termination process with more than 60 phone companies and the Canadian Anti-Fraud Centre to terminate phone numbers listed on fraudulent mass-marketing solicitations. This process prevents victims from receiving further payment instructions from suspects. In Fiscal Year 2012, 4,000 phone numbers were submitted for termination.

We are pleased to have the opportunity to participate in Project JOLT—the multi-agency, international task force led by U.S. Immigration and Customs Enforcement. Private-sector companies, including Western Union and MoneyGram, also participate. JOLT was established to combat Jamaican-based telemarketing fraud that preys on citizens in the United States and other countries. Now in its third year, progress has been made on a number of fronts. Information-sharing between agencies continues to increase as we learn how to better coordinate and facilitate its flow between countries. The Jamaican government is developing new laws to address issues on numerous fronts—including using video-conferencing for victim testimony and creating statutes to deal with the

complexities of these technology-based crimes. We embrace the advances made and adapt our strategy accordingly. But we all acknowledge there is a great deal more to achieve.

In December 2012, the Inspection Service hosted a two-day summit focused on Jamaican lottery fraud. More than 90 federal, state, and private-sector stakeholders—including Jamaican government and enforcement officials—joined together to discuss our investigative efforts, cross-border challenges, private and public cooperation, and “best practices” in fighting this crime. We have laid a solid foundation to address it head-on, and we will continue to build a comprehensive strategy. Collaboration relies on trust and understanding, and as with any relationship, it does not occur overnight.

Our arrest, indictment, and conviction statistics reflect domestic activity. Postal Inspectors have no arrest authority in other countries. However, we have worked closely with Jamaican authorities to pursue the extradition of criminals identified in scams affecting American consumers, which allows prosecution in the United States. Extradition is often a complex and lengthy process, but it is not impossible.

For example, beginning in 2005 Postal Inspectors identified five men who were operating a massive foreign lottery scam and pension scheme that swindled at least 17,000 mostly older postal customers out of more than \$17 million. While the names of the offers changed constantly, the results were unanimous—not one postal customer won a single prize. We successfully extradited a suspect from Costa Rica, who, in this

country, pled guilty to one count of mail fraud and was sentenced to four years and three months in prison. A second suspect, extradited from Italy, was sentenced to two years in prison after pleading guilty to one count of mail fraud. A third suspect, extradited in 2007 from Amsterdam, pled guilty to one count each of mail fraud and conspiracy, and was sentenced to a year in prison.

We are confident that, through cooperation with the Department of Justice and Office of International Affairs, we will be able to extradite suspects from Jamaica as circumstances warrant.

Our partnerships have continued to expand beyond traditional law enforcement alliances. We hold a unique position as a member of the International Postal Community: Our Chief Postal Inspector is Chairman of the Postal Security Group of the Universal Postal Union under the United Nations. This alliance has allowed us to develop non-traditional approaches and alternative strategies to fight postal crime on a global scale. For example, we leveraged this relationship to combat West African fraud schemes, commonly referred to as "419" scams, which have for decades plagued almost every industrialized country in the world. Acknowledging that the fraudulent letters bore counterfeit postage, Postal Security Group members agreed to allow them to be seized and destroyed under existing postal policies and procedures, which were enhanced through memoranda of understanding. Since that time, millions of letters have been seized and destroyed, which has helped mitigate the issue. Criminals, however, have since moved the scheme to the Internet.

While the “enforcement” part of law enforcement—arrests and convictions—can be an important deterrent to traditional advance-fee fraud, awareness and education are most critical in dealing with cross-border fraud. Law enforcement has an impact, but it is diminished when criminals reside in countries outside our jurisdiction. Arrests alone will not vanquish these crimes. In these instances, law enforcement is not the first line of defense.

Education empowers consumers to make informed choices when confronted by solicitations and suspicious claims. It is clearly the first line of defense. When a consumer’s decision-making ability is compromised, due to cognitive impairment, medical issues, or other obstacles, a trusted caregiver can assume that role. When that defense is compromised, or when consumers make the wrong decision, it creates a call to action for law enforcement, consumer groups, and government leaders to intervene. Through education, we can reduce the number of people who fall victim to fraud, stave their financial demise, and prevent the emotional toll. Through enforcement efforts, we may bring offenders to justice, but we are seldom able to make the victim whole. Even if we are able to restore some portion of their financial loss, we cannot repair the emotional scars sustained.

Our agency has long valued the power of a strong consumer-awareness program. Beginning in 1999, we led a major interagency alliance in the Know Fraud Campaign (with a play on the words K-N-O-W and N-O). It was launched in November of that year with public service announcements and a national press conference that featured the Postmaster General, the Attorney General of the United States, and representatives of

all of its partners—the FTC, the Federal Bureau of Investigations (FBI), the Securities and Exchange Commission (SEC), the Better Business Bureau (BBB), and AARP. Approximately 100 other press events were held around the nation. The first Know Fraud Campaign consisted of a postcard with consumer tips to educate citizens about how to protect themselves and their loved ones from illegal telemarketing solicitations. It included a toll-free number for information or to register a complaint, a website address, and other helpful information. The card was mailed to every household in the nation—120 million addresses. In 2001, we followed up by launching a second Know Fraud Campaign that focused on identity theft.

In successive years, we continued to launch consumer-education initiatives targeting current and ongoing scams:

- We created a crime-awareness and -prevention video series, distributed free of charge to American consumers, featuring topics such as identity theft, work-at-home scams, telemarketing fraud—and foreign lotteries.
- Since 2009, we have hosted a weekly radio show called "Don't Fall For It," and invited numerous guests, including victims of fraud, law enforcement personnel, and representatives of consumer organizations such as the Better Business Bureau and AARP. The show has covered telemarketing and credit report fraud, work-at-home scams, merchandise-reshipment schemes, sweepstakes and lottery fraud, and senior fraud scams. The show can be heard on Chicago's WBIG 1280 AM radio station or on the Internet at [www.wbig1280.com](http://www.wbig1280.com).
- In fiscal year 2011, we facilitated more than 600 consumer-awareness and fraud-prevention events across the country in Post Office lobbies, shopping malls,

government buildings, financial institutions, colleges and universities, religious institutions—even a military base. Postal Inspectors participated in phone bank call-centers to reach out with consumer-awareness tips for callers. We tweeted, blogged, taped televised public service announcements, contributed prevention messaging for media websites, participated in media interviews, and held press conferences—all targeting consumer fraud. These combined activities have allowed us to reach more than 100,000 consumers at hosted events, and nearly 26 million more consumers through broadcast and print media.

- In fiscal year 2012, as part of our annual National Consumer Protection Week (NCPW) campaign, we focused on foreign lottery fraud. At community centers and other venues, we worked with our law enforcement and regulatory partners to present information to older Americans and their caregivers. We placed advertisements in print and broadcast mediums and, for the first time, used outdoor advertising on highways and interstate billboards to spread the word. We messaged to the public via digital graphic displays at airports, subways, and large-scale public events. In this manner we engaged nearly 800,000 consumers in presentations and at events we hosted, and reached close to 122 million consumers through commercial media.
- In fiscal year 2013, we built on this success. We partnered with AARP to target consumers, caregivers, and older Americans with fraud-prevention materials we placed in more than 30,000 Post Offices across the country. We co-sponsored a mailing with AARP to 25 million households across the nation, targeting communities with high percentages of older Americans and directing consumers to our fraud-prevention websites. In Washington State, we mailed 2 million postcards to older Americans and their caregivers to direct them to fraud-

prevention resources and provide contact information for AARP's Fraud Fighter Call Center. We continue to conduct presentations and staff information booths at national venues to offer consumers a personal point of contact—all with the goal of increasing fraud awareness. We delivered more public service announcements for TV, radio, and print that focused on foreign lottery fraud and enhanced our fraud website, DeliveringTrust.com, with more comprehensive crime-prevention messaging. And, in a new initiative that is reaching more Americans than ever, we are using our Consumer Alert News Network, a law enforcement and private sector collaboration, in which we made available crime alerts for broadcast on television stations in 88 media markets three times each week. This year-round endeavor gives us access to 3 million households with each aired segment. We continue to add new markets and increase viewership.

We firmly believe consumers can be empowered through education. And we can help older Americans by alerting their caregivers about the warning signs of fraud and victimization. That is why we remain committed to prevention and outreach efforts, and seek innovative ways to deliver our message to the public.

While we work to combat these crimes on a number of fronts, we offer several proposals for consideration by the Committee that we feel would strengthen our efforts in combating this issue:

- Explore remedies, both legal and technological, that can disrupt the phone service of suspected scammers and disable their illegal operations.

- Encourage law enforcement agencies and consumer groups to share criminal complaint information.
- Establish joint fraud investigation training for international and U.S. law enforcement personnel. Combining our programs will promote a unified approach to addressing this problem. Further, it would encourage partnerships and strategy-sharing, and convey an understanding of each nation's legal systems.
- Create a national database to simplify the reporting process for crime victims and allow for the development of intelligence related to crime patterns and trends. It would include methods of incorporating and sharing information between federal agencies, as well as international partners, which often face barriers that limit the effectiveness of data.

We of the Postal Inspection Service commend the members of this Committee for focusing attention on this significant and troubling issue. We thank you for inviting us to testify today and contribute our experiences and recommendations.

Chairman NELSON. Thank you.  
Mr. CALLENDER.

**STATEMENT OF VANCE R. CALLENDER, OPERATIONS CHIEF  
FOR MEXICO AND CANADA, HOMELAND SECURITY INVESTIGATIONS,  
U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT,  
U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. CALLENDER. Chairman Nelson, Ranking Member Collins, and distinguished members of the committee, on behalf of Secretary Napolitano and Director Morton I would like to thank you for the opportunity to appear before you today to discuss the efforts of U.S. Immigration and Customs Enforcement and how we combat cross-border financial crime, such as telemarketing fraud.

ICE has the most expansive investigative authority and the largest force of criminal investigators in the Department of Homeland Security. With more than 20,000 employees and a budget of nearly \$6 billion, ICE has nearly 7,000 special agents assigned to more than 200 cities throughout the United States and 74 offices in 48 countries around the world. Working with other Federal agencies and international partners, ICE disrupts and dismantles transnational criminal networks by targeting the illicit pathways and organizations that engage in cross-border crime.

As you know, telemarketing fraud schemes, including bogus lottery and sweepstakes schemes, phony investment pitches, business opportunities, tax fraud schemes, and others have grown increasingly sophisticated and international in scope. According to the U.S. Federal Trade Commission, consumers lose hundreds of millions of dollars annually to cross-border financial crime, such as telemarketing fraud, often leading to devastating consequences. In many cases, a loss represents the victim's entire life savings and, of course, probably into debt.

Perpetrators of this fraud prey on consumers of all ages, backgrounds, income levels, but sadly, it is the elderly who are disproportionately targeted. Scammers take advantage of the fact that elderly Americans may have cash reserves or other assets to spend on these deceptive offers. Elderly Americans may also be reluctant to report the incident for fear of losing financial independence should their families discover the fraud. Intimidation, confusion, and exhausted victims may yield to the telemarketers' demands.

Over the past decade, U.S. complaints about telemarketing fraud originating from Jamaica have increased significantly. Fraudulent telemarketing has become a lucrative source of income for criminal organizations in Jamaica. According to Jamaican law enforcement, local gangs employ telemarketing fraud tactics to raise capital, which is often used to facilitate drug smuggling and weapons smuggling into and out of the United States.

A lead list, or a list of potential victims, including the individual addresses and phone numbers, can be purchased by brokers for \$3 to \$7 per name. These lists can be ten to 15 pages long and list hundreds of potential victims. Each name on this list represents a potential profit of tens of thousands of dollars.

Violence related to telemarketing scams has grown significantly in Jamaica. The gangs and criminal organizations exchange gunfire

over these lead lists and access to them. Some of the violence has spilled over into other countries, as well.

As a result, in March 2009, ICE entered into an agreement with the Jamaican constabulary force to form the Project JOLT Task Force. Project JOLT stands for Jamaican Operations Linked to Telemarketing. Project JOLT focuses on identifying, disrupting, dismantling organizations perpetrating Jamaican-based telemarketing fraud. Project JOLT also works to recover the money fraudulently obtained by the telemarketers and repatriates those funds back to the victims.

In fact, you may be glad to hear that just yesterday, ICE returned \$45,000 to an elderly woman in Raleigh, North Carolina, who had been defrauded by scammers in Jamaica, and she had lost almost a quarter-of-a-million dollars.

In the U.S., Project JOLT collaborates with private companies like Western Union as well as other Federal agencies, such as the Department of Justice, U.S. Federal Trade Commission, U.S. Postal Inspection Service, and the Federal Bureau of Investigations. The ICE-led JOLT Task Force continues to meet regularly with our Jamaican counterparts. We discuss ongoing trends and share information. ICE is also assisting Jamaican law enforcement by providing training and guidance concerning financial crimes.

Since its inception, Project JOLT has initiated 450 investigations in Jamaica resulting in 149 arrests, ten indictments, six convictions. In addition, these investigations have resulted in the seizure of over \$1 million, much of which has been repatriated or is in the process of being repatriated back to victims.

It should be noted there has and continues to be unprecedented cooperation with the government of Jamaica on these important issues. The Jamaican government has recently enacted new laws to facilitate the investigation, prosecution, and conviction of scammers, which will no doubt help law enforcement efforts moving forward. In addition, ICE will soon be conducting outreach training at the request of the Jamaican National Overseas Bank in New York and Florida to highlight some of the typologies associated with Jamaican telemarketing fraud.

I want to thank you again for the opportunity to appear before you today and for your efforts in highlighting such important work. We look forward to working with the committee in the future and I am pleased to answer any questions.

[The prepared statement of Mr. Callender follows:]



# U.S. Immigration and Customs Enforcement

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STATEMENT

OF

VANCE CALLENDER  
OPERATIONS CHIEF

HOMELAND SECURITY INVESTIGATIONS

U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT

REGARDING A HEARING ON

*"876-SCAM: JAMAICAN PHONE FRAUD TARGETING SENIORS"*

BEFORE THE

UNITED STATES SENATE  
SPECIAL COMMITTEE ON AGING

WEDNESDAY, MARCH 13, 2013 – 2:00 p.m.  
562 DIRKSEN SENATE OFFICE BUILDING

**INTRODUCTION**

Chairman Nelson, Ranking Member Collins, and distinguished members of the Committee:

On behalf of Secretary Napolitano and Director Morton, thank you for the opportunity to appear before you today to discuss the efforts of U.S. Immigration and Customs Enforcement (ICE) to combat cross-border financial crimes such as telemarketing fraud.

ICE has the most expansive investigative authority and the largest force of criminal investigators in the U.S. Department of Homeland Security (DHS). With more than 20,000 employees and a budget of nearly \$6 billion, ICE has nearly 7,000 special agents assigned to more than 200 cities throughout the United States and 73 offices in 48 countries worldwide. Working with our other federal and international partners, ICE disrupts and dismantles transnational criminal networks by targeting the illicit pathways and organizations that engage in cross-border crime.

***Telemarketing Fraud***

Telemarketing fraud schemes—including bogus lottery and sweepstake schemes, phony investment pitches and business opportunities, tax fraud schemes, and others—have grown increasingly sophisticated and international in scope. According to the Federal Trade Commission (FTC), consumers lose hundreds of millions of dollars annually to cross-border financial crimes such as telemarketing fraud. Sadly, in many cases the loss represents the victims' entire life savings.

One of the most common types of telemarketing fraud is the lottery or sweepstakes scam. These schemes typically involve fraudulent telemarketers identifying themselves as a lawyer,

customs official, or lottery company representative to a potential victim. In a typical fraud scenario, potential victims are led to believe that they have won an international multimillion-dollar sweepstakes. The scammers tell the victims that in order to receive their winnings, the victim will need to pay an advance fee. This fee is usually described as a tax, insurance payment or customs duty that must be paid to release the winnings. The victims are instructed to send the funds via mail, courier, or wire transfer. The winnings are invariably non-existent and the scammers steal the victims' money.

Perpetrators will victimize consumers of all ages, backgrounds and income levels, but the elderly are disproportionately targeted. Perpetrators take advantage of the fact that elderly Americans may have cash reserves or other assets to spend on these deceptive offers. A survey conducted by the AARP found that 90 percent of respondents reported awareness of consumer fraud, yet two-thirds said it was hard to spot fraud when it is happening. The survey also shows that elderly victims find it difficult to terminate telephone conversations, even when they say they are not interested in continuing a conversation. Also, the elderly may be reluctant to report the incident for fear of losing financial independence should their families discover the fraud.

Most of these scammers are articulate and will often involve a variety of partners to defraud the victim over the course of a period of time, a strategy that serves to increase the complexity of the matter and leads to greater credibility to the scheme. Scammers have also been known to repeatedly bombard their victims with non-stop calls, even employing verbal abuse to coerce victims to comply. Intimidated, confused and exhausted, victims yield to the telemarketer's demands. Some victims have reported threats made by the perpetrators against their lives or the lives of their family if the victim refuses to continue sending money. Victims

may be told that any cooperation with law enforcement will result in death or injury to them or their family members, which often leads to these schemes going unreported.

***Jamaican Criminal Organizations and their Methods***

Over the past decade, U.S. complaints about telemarketing fraud originating from Jamaica have increased significantly. According to Jamaican law enforcement, local gangs employ telemarketing fraud tactics to raise capital, which is used to facilitate the smuggling of weapons into Jamaica and narcotics to the United States.

Fraudulent telemarketing has become a lucrative source of income for criminal organizations in Jamaica. A "lead list" (a list of potential victims with their addresses and phone numbers) can be purchased by brokers for \$3 to \$7 per name. These lists can be 10-15 pages long and list hundreds of potential victims. Each name on the list represents a potential profit of tens of thousands of dollars.

One emerging method employed by scammers is to hire callers from the United States, either to fly to Jamaica to make the calls or to do so from within their communities in the United States. When a potential victim hears a caller with an American accent, they may be more likely to believe the call is legitimate and may more willingly send their money.

Violence related to telemarketing scams has grown significantly in Jamaica, as well, with gangs and criminal organizations exchanging gunfire over the lead lists and access to them, according to Jamaican law enforcement. Some of this violence has spilled over into other countries, such as Costa Rica.

***Project JOLT***

In March 2009, ICE entered into an agreement with the Jamaica Constabulary Force to form the Project JOLT (Jamaican Operations Linked to Telemarketing) Task Force.

Project JOLT focuses on identifying, disrupting, and dismantling organizations perpetrating Jamaican-based telemarketing fraud. Project JOLT also recovers the money fraudulently obtained by the telemarketers and repatriates the funds to the victims.

In the U.S., Project JOLT collaborates with private companies like Western Union, as well as with federal agencies such as the U.S. Department of Justice, the FTC, the U.S. Postal Inspection Service, and the Federal Bureau of Investigation (FBI), to combat telemarketing fraud.

In April 2009, the Police Department in Steamboat Springs, Colorado initiated an investigation into a group of Jamaican nationals who were found to be fraudulently soliciting elderly individuals, leading them to believe that they had won a lottery based out of Jamaica. The victims were instructed to pay a fee in order to secure their winnings. The lottery never existed and the majority of funds sent to the scammers were wire transferred back to Jamaica.

As the investigation evolved and victims were identified nationwide, the police department approached ICE, the U.S. Postal Service, and the FBI to assist with their investigation. Four Jamaican nationals were identified as orchestrating this scheme and defrauding victims of an estimated \$500,000. In a subsequent search of one suspect's residence, investigators found lists of victims' names and addresses, computers, money order receipts, and cell phones. All of these items are commonly used in telemarketing fraud operations.

ICE agents with the JOLT Task Force used information obtained from the search warrants to identify and arrest two additional suspects in Jamaica for their involvement in the

fraud scheme. Both had traveled extensively between Jamaica and the United States and were in the process of building homes using funds believed to be acquired from victims.

As a result of this investigation, six individuals were arrested. Four U.S. defendants entered into a plea arrangement and pled to mail fraud charges. Each received one year in federal prison and were ordered to pay restitution.

Building on the success of this particular investigation, the ICE-led JOLT task force continues to meet with our Jamaican partners to discuss ongoing trends and to share information. ICE is also assisting Jamaican law enforcement by providing training and guidance with financial crimes investigations. Since its inception, Project JOLT has initiated 450 investigations in Jamaica resulting in 149 arrests, 10 indictments, and six convictions. In addition, these investigations have resulted in the seizure of over \$1.2 million, with much of that already returned to victims.

It should also be noted that there has, and continues to be, unprecedented cooperation with the Government of Jamaica (GOJ) on these issues. The GOJ has recently moved to enact new laws to facilitate the investigation, prosecution, and conviction of scammers. The Jamaican Parliament passed this legislation and the Minister of Justice Golding expects this law to start being enforced by the end of this month. This will no doubt help our law enforcement efforts moving forward.

#### **CONCLUSION**

Thank you again for the opportunity to appear before you today to discuss our efforts to combat Jamaican-based telemarketing scams.

I would be pleased to answer any questions at this time.

Chairman NELSON. Mr. Callender, we are going to come back to you because we want you to tell us what it is going to take to get an indictment here, and then we can address the sending the person here from Jamaica.

All right. Mr. Hopkins, tell us about Western Union.

**STATEMENT OF PHIL HOPKINS, VICE PRESIDENT OF GLOBAL SECURITY, THE WESTERN UNION COMPANY**

Mr. HOPKINS. Good afternoon, Chairman Nelson, Ranking Member Collins, and members of the committee. I am Phil Hopkins and I am the Vice President of Global Security for Western Union. I have been with Western Union for seven years. Before that, I served for 20 years with the United States Secret Service.

I think we all can agree that aggressive action should be taken to fight the criminals who take advantage of potential fraud victims. Preventing fraud is one of Western Union's top priorities. We have a comprehensive anti-fraud program which emphasizes consumer education and awareness, fraud monitoring and controls, and ongoing collaboration with law enforcement. I can only speak generally about our efforts. On certain points, I cannot provide details because we do not want to let the fraudsters know how to evade our program, abuse our system, and victimize our customers. Because criminals are constantly changing their tactics in an effort to evade our program, we regularly review and modify it.

Education is a big part of our program. We provide fraud awareness information to consumers at the point of sale, and since fraudsters prey on the elderly, we have designed consumer outreach campaigns to reach our senior citizens.

Western Union trains its agents in detecting and deterring fraud at the point of sale. Our agents are trained to listen to the consumers for cues indicating fraudulent activity. Agents who suspect that a transaction is fraudulent are trained to refuse the transaction or report it to Western Union for further investigation. Western Union also has a monetary reward program for its agents, known as the Eagle Eye Program, which incentivizes agents to detect and prevent fraud.

We have industry-leading controls designed to stop fraudulent transactions before they are paid. Western Union attempts to contact senders whose transactions meet certain criteria to interview them in an attempt to determine if they are victims of fraud. Where we detect or suspect fraud, or if we cannot contact the sender, the transfer is canceled and all the funds and fees are returned to the sender. We also operate an interdiction program designed to prevent suspected fraudsters from receiving money transfers and to prevent chronic consumer fraud victims from sending money.

Continuous and regular collaboration with law enforcement is another key component of Western Union's anti-fraud program. For example, Western Union participates in the ICE-led multi-agency international task force known as Project JOLT that was created to combat Jamaican-based telemarketing operations that prey on U.S. citizens.

On a daily basis, Western Union receives investigative leads from law enforcement and works with investigators to identify fraudulent activities. The Western Union personnel who work in

our anti-fraud program have extensive backgrounds working in law enforcement agencies.

In addition to all these measures, Western Union has paid particular attention to Jamaican fraud over the past few years. In the summer of 2012, when it appeared that these activities were increasing, we took enhanced measures, including suspending all 13 Western Union locations in Montego Bay for a minimum of two weeks. The temporary closure allowed us to extensively review agent activities and implement additional controls. We then implemented a \$400 payout limit per transaction in the Montego Bay area and limited the number of transactions and the amount of money consumers in Jamaica can pick up in certain time periods.

Western Union looks forward to continuing to work with this committee, law enforcement, and regulators on preventing consumers from becoming victims of fraud.

Thank you again for inviting me to testify today. I look forward to answering any questions you may have.

[The prepared statement of Mr. Hopkins follows:]

Testimony of  
Mr. Phil Hopkins  
Vice President, Global Security  
The Western Union Company

Submitted to the  
United States Senate  
Special Committee on Aging

Hearing on “876-SCAM: Jamaican Phone Fraud  
Targeting Seniors”

March 13, 2013

Good afternoon, Chairman Nelson, Ranking Member Collins, and Members of the Committee. My name is Phil Hopkins, and I am the Vice President of Global Security for Western Union. I have been with Western Union and its former parent company for seven years, and before that I served for 20 years with the United States Secret Service. That law enforcement background, combined with my work in the corporate arena, has given me a unique perspective on this issue.

Thank you for inviting me to testify today. I think we can all agree that we need to take aggressive action to fight the criminals who take advantage of potential fraud victims. I appreciate the Committee inviting a representative from the private sector to testify, because one thing we have learned over the years is that a close partnership between law enforcement and the private sector is key to fighting fraud.

I am sure you are all familiar with Western Union, but I would like to give you a brief background, especially on our money transfer business. Western Union first offered money transfer services in 1871, and since then Western Union has provided consumers and businesses with fast, reliable, and convenient ways to send money around the world. Western Union and our related brands offer our services through a combined network of approximately 510,000 Agent locations in over 200 countries and territories. These locations are not stand-alone Western Union locations, but are grocery stores, post offices, banks, convenience stores and other similar locations—one of our strengths is convenience. In 2012, Western Union completed 231 million consumer-to-consumer transactions worldwide, moving \$79 billion of principal between consumers, and 432 million business payments. These funds are critical for those who receive

them, as they are often used for daily needs. However, as we all know, fraud is and always has been a risk when money is involved.

Preventing fraud is one of Western Union's top priorities. As a result, we have taken a variety of steps designed to mitigate fraud risk and protect consumers. We share common goals with this Committee and the law enforcement agencies on this panel in detecting, preventing, and responding to fraud. This is reflected in Western Union's comprehensive Anti-Fraud Program, which emphasizes consumer education and awareness, fraud monitoring, fraud controls, and on-going collaboration with law enforcement entities around the world. It is a sad fact that the criminals who seek to abuse our services are constantly changing their tactics. These fraudsters rapidly adapt their tactics in an effort to evade the controls Western Union has put in place. For that reason, Western Union continuously reviews its Anti-Fraud Program and adjusts its controls to respond to evolving and emerging trends—much like law enforcement must do when confronting sophisticated and organized criminals.

Before I describe our program, I would like to say up front that I can speak generally about our efforts but on certain points I will not be able to go into detail. This is because we do not want to give the fraudsters a roadmap on how to evade our program and abuse our system.

#### *Consumer Education and Awareness*

We believe that education and awareness is the first step of a comprehensive anti-fraud program. Helping consumers avoid fraud in the first place will go a long way towards addressing the problem. For this reason, educating consumers about scams and how to avoid becoming a victim is a large component of Western Union's consumer protection program. Western Union provides fraud awareness information to consumers at the point-of-sale. In the

United States, our “To Send Money” form includes a fraud warning on the first page. Similar fraud warnings appear on our website. In addition, we send our Agents fraud awareness brochures and posters for display at the point of sale. Our fraud awareness program also is engaged in social media through sites such Facebook, Twitter, and YouTube, as well as banner ads on selected other sites. In 2012, we enhanced and updated our consumer protection website, providing consumers with information and resources to help protect themselves from becoming victims of fraud, informing consumers on how to report fraud, and giving consumers and other stakeholders an overview of Western Union’s fraud prevention efforts.

In addition to Western Union-specific efforts, we engage in proactive consumer awareness media campaigns. We periodically distribute press releases and news articles to alert consumers and media outlets to the latest scams and tips on how to recognize these scams. We have partnered with the Consumer Federation of America to produce and distribute consumer awareness videos. We continue to collaborate with agencies such as the National Adult Protective Services Association, Medicare Patrol, local Adult Protective Services, Mystery Shopping Providers Association, and law enforcement on consumer protection awareness and initiatives. Recognizing that fraudsters prey on the elderly, we have designed consumer outreach campaigns to reach senior citizens.

#### *Agent Training and Review*

Due to our unique business model, where our services are offered through Agent locations, another key component of our program is agent training and review. Western Union trains Agents on how to detect and deter fraud at the point-of-sale. Agent training materials are periodically reviewed and updated to keep up with current fraud trends. Agent training materials

and updates are provided to the Agents through various channels including fraud kits, newsletters, fraud alerts, and an online Agent Resource Center. To help identify potential fraud victims, Agents are trained to listen to consumers for verbal cues indicating fraudulent activity, look for body language that indicates nervousness or a sense of urgency, and ask questions to determine the consumer's relationship with the receiver and reasons for sending the money. If an Agent suspects the transaction is fraudulent, the Agent is trained to refuse the transaction or report it to Western Union for further investigation.

A fraud hotline is available to all Agents in the United States 24 hours a day, seven days a week, and 365 days a year. The hotline connects the Agent directly to a Western Union fraud specialist and allows the Agent to promptly report potential fraud or request assistance with a specific transaction. Western Union also has a monetary reward program for Agents, known as the Eagle Eye Program, which incentivizes Agents to detect and prevent consumer fraud. In 2012, Western Union rewarded 350 Agent associates for preventing consumers from falling victim to fraud.

Western Union also monitors Agent activity to identify potentially complicit Agents and Agents in need of further training. Western Union analyzes that activity, along with fraud complaints received from consumers, and determines whether Agents should be terminated, suspended, or provided with enhanced training and oversight. These suspensions and reviews have led to program enhancements at the Agent level, including instituting additional controls for transactions at higher dollar amounts, requiring approvals for certain transactions at the Agent level, and limiting transaction amounts.

*Courtesy Callback Program and Other System Controls*

In addition to consumer and Agent education, Western Union has implemented a number of industry-leading controls designed to stop fraudulent transactions before they are paid. For example, our Courtesy Callback Program, which was implemented over five years ago, is a critical component of our Anti-Fraud Program. As part of this program, Western Union attempts to contact senders whose transactions meet certain criteria to interview them in an attempt to determine if they are victims of fraud. If consumer fraud is detected, or if Western Union is unable to contact the sender, the principal and fees for the money transfer are refunded to the sender.

Western Union also employs automated fraud controls through our Real Time Risk Assessment Program. This is a rules-based system used to block or queue money transfer transactions that fit a known profile for fraud.

The Western Union toll-free fraud hotline I mentioned a moment ago is also available to consumers who want to report and stop fraudulent transactions before they are paid. The telephone number appears on the "To Send Money Form," the westernunion.com website, and on the consumer fraud brochures. If a consumer calls the fraud hotline to report that he or she may be a victim of fraud and the transfer has not been paid, the principal and the money transfer fees are refunded. Western Union regularly reviews the data it receives from consumers who report they are victims of fraud to guide its fraud prevention efforts and strategy.

Additionally, Western Union operates an Interdiction Program. This program is designed to prohibit suspected fraudsters from receiving money transfers and to prevent chronic consumer fraud victims from sending money. Names are submitted for interdiction daily, based on

analysis of our own fraud data or third-party requests, including referrals from law enforcement and family members.

#### *Law Enforcement*

Continuous and regular collaboration with law enforcement is another key component of Western Union's Anti-Fraud Program. For example, Western Union participated in the ICE-led multiagency international task force known as Project Jolt that was created to combat Jamaican-based telemarketing operations that prey on U.S. citizens. On a daily basis, Western Union receives investigation leads from law enforcement and works with investigators to identify fraudulent activities. The Western Union personnel who work in our Anti-Fraud Program have extensive backgrounds working in law enforcement agencies, including the U.S. Secret Service, the Federal Bureau of Investigation, Immigration and Customs Enforcement/Homeland Security Investigations, Department of Treasury Office of the Comptroller of the Currency, London Metropolitan Police Services, Royal Canadian Mounted Police, and the Lithuanian Criminal Police Bureau.

#### *Jamaica*

In addition to the anti-fraud measures I just mentioned, Western Union has paid particular attention to fraudulent activities related to Jamaica over the past few years. However, in the summer of 2012, it appeared that these activities may have been increasing. As a result, we took enhanced measures focusing specifically on these new developments in Jamaica. In August 2012, Western Union suspended all thirteen Montego Bay Agent locations in St. James Parish for a minimum of two weeks. The decision to suspend all Agents in the St. James Parish was

based on a culmination of factors, including fraud monitoring results, observations made during market tours and a review of our Agent controls. The temporary closure of our St. James Agent locations allowed Western Union to extensively review Agent activities and implement additional controls aimed at protecting consumers and the network from fraudulent activities. As a result of this review, Western Union implemented a \$400 payout limit per transaction at Agent locations in the Montego Bay area. In addition, Western Union has limited the number of transactions and the amount of money consumers in Jamaica can pick up in a certain time period.

*Conclusion*

Fraud can have a significant impact on victims, particularly those who are elderly. Western Union is committed to protecting consumers from becoming victims of fraud. While we have an extensive Anti-Fraud Program in place to detect, prevent, and respond to fraudulent activities, we also acknowledge that fraud is a complex problem that involves the collaborative efforts of all parties represented at today's hearing.

Western Union looks forward to continuing to work with this Committee, law enforcement and regulators on preventing consumers from becoming victims of fraud. Thank you again for inviting me to testify today. I look forward to answering any questions you may have.

Chairman NELSON. Thank you.

Mr. Callender, thank you for setting up Project JOLT when you were the attache in the embassy in Jamaica.

Mr. CALLENDER. Yes, sir.

Chairman NELSON. What do you think it is going to take to get an indictment here on what is going on there?

Mr. CALLENDER. Well, I can tell you that is being worked right now with agents on Project JOLT, working both domestically and in Jamaica. I cannot give details on that because I could compromise that, but these type of things are—extradition investigations are forthcoming.

Chairman NELSON. Can you imagine what it would be like for a prosecutor to put either of the daughters of the two witnesses in Panel One on the stand and get that story and what an effect that would have on a jury?

Mr. CALLENDER. Absolutely. I could not agree more. I have talked to literally hundreds of these victims myself. I have talked to them at every stage of the scam, trying to work through these issues with them, talked to their family members, encouraging the family members to take over their finances, to collect the evidence that the victims may have to get it in a manner that we can start—I can deploy agents in our domestic offices to get out there and take these statements from them. And it is time consuming. We have found that once you find one victim, it will lead you to 100 victims.

It is a massive investigation. There is a lot of evidence. Most of these victims, as you have seen from the videos and the evidence that has been presented, they sometimes send 100 to 1,000 wire transfers over the course of two years. Doing these types of investigations requires very slow, diligent documentation of every one of those wire transfers and a statement from the victim that denotes each one of these transfers.

So you can imagine the time it would take to interview 50 victims across the U.S. in different States, each of them sending 100, 300, 400 wire transfers, and bringing all that information together, creating an aggregate amount of loss. It is a very time consuming investigation. It is very slow. But the evidence—the great thing for us is the evidence is all there to make these cases. Jamaica is a country we can extradite out of. These things will happen, I guarantee you.

Chairman NELSON. We would like—Senator Collins and I would like to be briefed on the ongoing investigation, realizing that we cannot be privy to a criminal investigation, but we would like to know the background because we have the responsibility as part of the oversight of the executive branch to make sure that this is getting ready and it is getting prepared to go in front of a grand jury for an indictment.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Callender, I, too, commend you for creating the task force and clearly caring about this issue, but my concern is that we are just scratching the surface with our enforcement efforts. If you have seized \$1.2 million, much of which has been returned to the victims, that is a tiny fraction of the amount that has been sent

to Jamaica to these criminals. The estimate that I have heard is a minimum of \$300 million a year flowing from elderly victims to these con artists, these scammers in Jamaica. So we are a long ways from getting a handle on this.

In addition, if you look at the complaints to the Federal Trade Commission, which obviously just has civil jurisdiction, not criminal—and I would like that chart to be displayed if we could—okay, I thought we had it on the—I guess we do not have it on the teleprompter. But as you can see, it has gone up and up and up, and for the last calendar year, there are over 29,000 complaints. Well, that amount grossly underestimates how much fraud there really is out there because we know that this is an under-reported crime.

So I am concerned when you look at the dramatic increase in the number of complaints over the past few years, the estimate of \$300 million, that our efforts, while they are well intentioned, are just not strong enough. They are just not effective enough. And since I know you care about this issue so much or you would not have created the task force, I am seeking your expert advice on what can we do about this to—part of it is public awareness, and that is one reason I asked the Chairman to hold this hearing, because I think public awareness helps a great deal. If we can get the message out to seniors that if they do not have relatives in Jamaica and they see the 876 area code come up, it is not to hang up on the person. It is, do not answer in the first place.

But what can we do from a law enforcement perspective to shut this down, to make the message sent to these criminals that this crime is not going to pay?

Mr. CALLENDER. I can tell you, ma'am, what we have done so far, and that is just not myself, it is the men at this table with me and other law enforcement officials in Jamaica and across the country, is to lay the foundation and the pathway to get to where we need to be, to get to where this committee would like to see. We have established the relationships, which did not exist before within the country, with the host law enforcement, numerous law enforcement agencies across Jamaica—passport/immigration service, the Jamaican constabulary force, Jamaican military, the financial investigative division within Jamaica, their public corruption people.

That foundation has been laid. It is a slow process. All the statutes in Jamaica are being corrected or being updated to address the crime. It was very hard to prosecute these crimes in Jamaica because the legislation had not developed to this new type of crime in Jamaica. There was no Proceeds of Crime Act in Jamaica until 2007, 2008. So we were some of the first people in the history of Jamaica to forfeit a list of proceeds, and it just so happens these were JOLT proceeds to get back to victims.

So the first case that we worked in 2008, who was a young lady from El Paso who had sent her and her husband's life savings, which was \$60,000—he left her, she moved into a homeless shelter—and we were able to repatriate \$15,000. It took us a year and a half to get that through the Jamaican court system. Now, that process, because of that first one, has sped up significantly. We are able to get those proceeds back more rapidly.

But it is a learning process and it is based on relationships. We have no authority in that country, remember. We are liaison offi-

cers there, capacity building, providing leads, giving training. And it is not just us, it is our partners. It is Western Union. It is the Postal Inspection Service. And then remember, as well, our agency, Homeland Security Investigations, has over 400 other crimes that we investigate.

One of your fellow committee members there had asked the question, why is ICE the one—I wanted to make that clear, why do we have this jurisdiction. Because we handle cross-border crimes.

Senator COLLINS. Right.

Mr. CALLENDER. It is a financial crime. And, you know, it has an effect on the U.S. financial system as it does the Jamaican financial system.

Now, part of what we have learned in doing what we have done so far, the first six months of JOLT, we identified 36,000 victims in six months, and there is not a law enforcement agency on this planet that can open 36,000 cases on one particular crime and still handle other crimes that are afoot.

What we have to do is work smarter, not harder, and that is developing ways to group the victims together by the criminals targeting them. That way, we are able to identify which criminal groups are most successful by the amount of loss, the aggregate loss to the victims, and that aggregate loss is also used in the sentencing guidelines in the U.S. court system.

Senator COLLINS. I know it is slow. I know it is complicated. I know that 36,000 victims is an enormous number. But we have got to go after these people and we have got to put pressure on the Jamaican government to continually update its laws. That has only happened very recently. It is still ongoing. And we have got to send a stronger signal. And I think the best way to do that, to deter others, is to put some people in prison. That is what is going to send the strong signal that this does not pay anymore.

And Jamaica has got to do its part, as well. I, too, met with Jamaican diplomats this past week and I think they are finally taking it seriously, but it has taken a number of years for them to do so. I would like to see them put the effort in this, in stopping these scams, that it puts into enticing Americans to come vacation in Jamaica. A lot of money is spent on that.

So we have just got to be more forceful and effective in this area, and I know you cannot open 36,000 cases, but I will tell you, if we saw prosecutions and tough sentences for some of the criminals in those cases, it would have an impact. And these people who are running the boiler rooms, if we can get at the people overseeing these criminal enterprises, it would have an impact.

Mr. Hopkins, let me just ask a question of you. First of all, I am pleased to hear that you did shut down some of your offices until you could put in new anti-fraud provisions, but I need to know, when you see suspect activity, do you report it to law enforcement? Are you working with the JOLT Task Force, with others who have the ability to go after these people? I mean, you can try to do prevention, but you do not have any way to do enforcement.

Mr. HOPKINS. Right. Thank you for that question. Yes, we are. We work pretty extensively with all the Federal agencies, not only for fraud, but for terrorist financing, for drug smuggling. So I interact literally with every Federal agency that we have.

What we do specifically for Jamaica is we, on a monthly basis, will send a list of the consumer victims that have identified a reported fraud to us to the agencies down in Homeland Security and with the Postal Inspectors. And at the same time, we have started to receive lists from them, the known fraudsters in Jamaica that we can put on our interdiction list so that those fraudsters are not going to be able to receive money from victims here in the U.S.

I have a team in Denver where we kind of base our U.S. operation out of and we receive right now about 300 calls a month requesting assistance from law enforcement. We are providing information on pick-up locations or money transfer control numbers. Another thing that we do is we will take leads from any law enforcement agency that calls us, and if we can develop a comprehensive SARS, a Suspicious Activity Report, we will push that Suspicious Activity Report directly back to that law enforcement agent that was making the inquiry, which helps him get the information faster and get the investigations going. So I feel like we have a pretty aggressive team.

Senator COLLINS. Thank you.

Chairman NELSON. Senator Warren.

Senator WARREN. Thank you, Mr. Chairman.

Mr. Callender, every one of these frauds involves the American banking system because that is where the money started, whether it ends up on a money card or it is done through a credit card or it is done directly through a checking account, a wire transfer. So can you describe in a general sense how you are working with the Office of the Comptroller of the Currency, the Federal Reserve Bank, and the Treasury Department?

Mr. CALLENDER. Well, we have worked with the investigators from some of those departments and agencies in Treasury, but, really, I mean, it is a crime centered around the victims and the evidence they possess. And I can tell you, quite a few of these crimes happen cash through the mail, through FedEx. It is not just the banking system—

Senator WARREN. Fair enough, Mr. Callender. Some of the money undoubtedly is cash and FedEx, but we just had two witnesses who sat here and every single thing they described went through the American banking system and touched the American banking system.

Mr. CALLENDER. Right.

Senator WARREN. And the reason I ask about this is Western Union is describing the steps they are taking voluntarily in order to detect and close down these operations. These are the three Federal banking regulators that I have named who are responsible for overseeing the activities of our banks in terms of their responsibilities to detect and to close down operations that involve money laundering. So I just want to know, have you reached out, have you talked to the regulators about whether or not they, in fact, are examining the banks on this very question of how they deal with these scams when this money is moving through the American banking system?

Mr. CALLENDER. We have, ma'am. We call it Operation Cornerstone. It is an operation we have had going on for several years, and all of our offices nationwide go to the local banks, go to the

regulators. We brief them on the crimes and the different money laundering techniques, what is the latest, what they can look out for. Part of that is a telemarketing effort. There are many other facets to that, as well, but it is Operation Cornerstone and we do it continuously.

Senator WARREN. Well, I appreciate that you go to the local banks, but my question is, are the banks coming up with their own procedures to monitor this? We have banking regulators who evaluate the banks and supervise the banks in terms of whether they are complying with our laws about dealing with money and money laundering, and I just want to know if you are talking with the bank regulators, not the individual banks, but the bank regulators?

Mr. CALLENDER. Personally, I have not. I know we have our headquarters component that does do that, talk to them on our behalf. As part of JOLT down there, we did not leave the country to go talk to the regulators, no.

Senator WARREN. Fair enough, and I understand that you are in the field—

Mr. CALLENDER. But, yes, it is happening at a headquarters level. It is happening at more of a strategic level by people in our agency, yes.

Senator WARREN. I would just be grateful, as we go forward, to be able to learn more about this and find out what is being done at the regulatory side, and it is for all of the scams here that attack our seniors.

If I could, there is another question I wanted to ask you. You mentioned, I think, in your testimony—perhaps it was in your written testimony—about what are, in effect, the sucker lists that get passed around that are enormously valuable. And we heard earlier about the work of the AARP, and I am familiar with it. They have done some extraordinary work and put extraordinary private resources into trying to warn people, in trying to help people avoid the consequences of these scams. And it is my understanding that they have asked for these lists to be shared, these sucker lists, and that you have not agreed to do that, and I want to understand, first, if that is right, and secondly, why.

Mr. CALLENDER. Well, there is—unfortunately, we have privacy issues with this information. Some of it is how we derive it. Some of it is derived through our partnerships with Western Union, with the Federal Trade Commission. Some of these lists, we pick up during—or the Jamaican government picks up during execution of search warrants in Jamaica and their privacy laws do not allow the sharing of that information, as well as some of our laws and policies, or rules and policies, as well.

Senator WARREN. So are you telling me—just because I want to understand this—are you telling me this is just a brick wall, that there is no place to go with this—

Mr. CALLENDER. No, these are things we have definitely worked on and we have established Memorandums of Understanding with the Federal Trade Commission about sharing of this type of information. But to disclose that to the AARP, at least at this point, for us becomes a privacy issue.

Senator WARREN. Are you moving toward trying to find a way to be able to disclose this to the AARP, or is that avenue right now just cut off?

Mr. CALLENDER. We are always working to further these cases and make what we do more effective, and notifying the victims is definitely something we would—or potential victims, if we have that ability, is something we want to be able to do.

Senator WARREN. All right. Well, thank you very much, Mr. Callender.

May I have one minute, because I am going to be really quick on this—

Chairman NELSON. Of course. Take as much time as you want.

Senator WARREN. Oh, thank you.

Mr. Tiller, I just wanted to ask a question about the work of the Postal Service. You are out here trying to engage in enforcement to try to protect our citizens. We read a lot about the Postal Service facing financial cuts, that there have already been cuts, that there are perhaps more cuts in the future. Could you just speak very briefly to the potential impact of these cuts on your ability to enforce our Postal laws and protect our seniors from being scammed?

Mr. TILLER. Very good. Of course, we understand that the Postal Service is in serious economic crisis, but we have to understand that criminals do not stop committing crime based on the Postal Service's volume or their income. So we are still out there every day, seven days a week, fighting crime, to identify these victims, to help preserve the sanctity of the seal and protect the American public from that mail hurting them.

Senator WARREN. Thank you. I appreciate it.

I apologize. I have a group of high schoolers waiting for me, so I am not going to be able to stay for the last few minutes, but thank you for being here, and thank you, Mr. Chairman.

Chairman NELSON. Well, you are an excellent member of this panel, Senator Warren. We appreciate your expertise and the passion that you bring to this committee. So thank you very much.

Mr. Callender, first of all, again, I say, thank you for when you were the attache in the embassy in Jamaica, you set up this joint committee, the JOLT. That was in 2009. Has there been a prosecution by Jamaica's government of any of these people?

Mr. CALLENDER. There has, sir. I think for an actual fraud charge, there have only been two convictions. But what has happened down there, what they have done since they have had the lack of legislation, they have arrested for crimes associated with, you know, with going to do the search warrants. If it was not for doing the JOLT investigation, they would have not been doing a search warrant at this house, but when they get there, they find weapons, they find other violations—drugs, things of that nature—and so they make arrests based on that. It is going to be a much more solid conviction in Jamaica and more time.

So I would say yes. Even though they may not be exact fraud charges, people are going to jail over these investigations down there, and they will be for fraud soon with their new legislation.

One of the major hurdles we had is we needed the victims to come testify in Jamaica, and when you have an elderly person, traveling overseas, and then when they show up, the defense

delays and they reset the court for another month and they end up coming down three times, that can be exhausting and it can practically be dangerous for them to travel that much, maybe at a particular age, and we have run into those hurdles quite a bit. So one of the new legislative items they are working on is videoconference testimony, which will be huge in moving these things forward.

Chairman NELSON. And it underscores the need for an extradition after the United States Government has indicted some of these people.

Mr. CALLENDER. Absolutely.

Chairman NELSON. And that would have the chilling effect.

Before I turn to the former Attorney General of Connecticut, I want to ask Mr. Hopkins, I want to thank you for Western Union being proactive. Now, we asked some others to come here, the pre-paid cards, and they declined. And so I want to enter into the record the declining letter from GreenDot.

[The information from Chairman Nelson follows:]

Green Dot Corporation  
3465 Foothill Blvd  
Pasadena, CA 91107



March 4, 2013

The Honorable Bill Nelson  
Chairman  
Senate Special Committee on Aging  
G31 Dirksen Senate Building  
Washington, DC 20510

The Honorable Susan M. Collins  
Ranking Member  
Senate Special Committee on Aging  
628 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Nelson and Ranking Member Collins:

Thank you for your invitation for Green Dot to testify at the Committee's upcoming hearing on the Jamaican Lottery scam and its devastating impact on our nation's seniors. As our executives have discussed with your staff, stopping the Jamaican Lottery scam, and other scams against our nation's seniors is a top priority for Green Dot.

Unfortunately, Green Dot is not able to participate in the March 13<sup>th</sup> hearing. We believe that testifying about our company's efforts to defeat the ever evolving matrix of fraud would risk divulging Green Dot's sensitive anti-fraud efforts and would enlighten fraudsters to our procedures for stopping them.

Green Dot wants to continue working with you and your staff to protect our nation's seniors from fraud. We will happily provide confidential briefings to you and your staff about our efforts to combat fraud, at any time.

Thank you again for your invitation. I look forward to working with you in the future. If you have any questions or concerns please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "John Ricci".

John Ricci  
General Counsel  
Green Dot Corp.

Chairman NELSON. But I think we have got to look at the responsibility of all parties, because we are dealing with a very vulnerable population here.

All right. Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman, and I want to thank you for convening this hearing. As I learned in my former life as an Attorney General for some 20 years, these kinds of scams are a real scourge, not only on vulnerable populations, but on everyone, and they continue, as we have seen and heard, not just this fraud and scam, but many others, so I thank the Chairman for focusing our attention on this one.

And I want to join in thanking Western Union for participating and cooperating, as not all such private enterprises do. I worked on a multi-State agreement, as a matter of fact, with Western Union while I was Attorney General dealing with warnings to consumers of the risks of fraud-induced wire transfers. And I hope that your fraud prevention efforts have gone beyond what was required under that agreement. I believe that they have. But perhaps you can tell us what you have done proactively which perhaps can serve as a model for others and help us also possibly frame proactive measures on our part.

Mr. HOPKINS. Thank you, Senator. Yes, I will just kind of touch at a high level, like I said, without any real specifics because some of the details of the program. But the Courtesy Call-Back Program is a part of this prevention effort, and that is where we have various corridors around the world in the high-risk areas—I think we actually have over 55 corridors, 60 corridors that we monitor now—and if people are sending wire transfers in those corridors, if it hits certain parameters, that consumer will get a call back from someone from our call center to try to determine if they are a victim of fraud or not. And that particular measure has been extremely successful for us and we continue to expand that program. And we constantly monitor the amount. We kind of call it like a zone defense. We are constantly trying to play with the numbers themselves so the fraudsters are not able to determine what those patterns are.

Another program that we have is our Fraud Hotline. We have about 20 Fraud Hotlines now deployed globally. By the end of the year, we will have 35, is our goal. And this is our effort to try to give not only the U.S. consumers but the global consumers an opportunity to report fraud. So as we have all said and some of the witnesses earlier, we know that it is under-reported, and so we are trying to enhance our ability to allow our consumers to report fraud to us, which is going to give us better statistical information and allow us to adjust our program more.

We also have what we call real-time risk assessment, which is a rules-based system that is used to automatically block transactions at a period to fit certain patterns, fraud patterns. And this is becoming increasingly useful to us. And as we get better at doing this and tweaking these patterns, this allows us to actually stop the fraud at the point of sale. So as the consumers come up, it literally blocks the transaction and they are not going to be able to do the transaction. We think the expansion of that program over

the next year or so is really going to help take our program to another level.

And yes, Senator, we have, since your agreement, we have continued to enhance our programs and continue to do so.

Senator BLUMENTHAL. And that blocking of the transaction is really key, is it not, because it is a lot easier to block it than recover—

Mr. HOPKINS. Absolutely. It prevents all the back-end work that needs to be done if we just stop it right there at the point of sale. So that is three kind of key areas that we have—

Senator BLUMENTHAL. I appreciate that. And what would you say to people who might complain that it discourages unbanked or underbanked people from engaging in legitimate transfers?

Mr. HOPKINS. That our system—

Senator BLUMENTHAL. The fraud prevention. As a sort of devil's advocate-type question, one of the points, I think, that might be made is are you discouraging people from engaging in legitimate transactions.

Mr. HOPKINS. Well, I think we are discouraging the fraudsters from engaging in transactions.

Senator BLUMENTHAL. Right.

Mr. HOPKINS. That is certainly our goal.

Senator BLUMENTHAL. Right. Let me just finish, Mr. Tiller, by asking you, in terms of the Postal Service, you may have heard Deputy Sheriff King express frustration with the degree of assistance or cooperation from Federal agencies. Is that a well-founded complaint?

Mr. TILLER. Senator, that is a difficult one. It does cause me concern to hear that from a sheriff because we pride ourselves on networking and liaison and coordinating all of our investigations across the country. We have 1,400 inspectors spread throughout the country. It is very difficult for us to conduct our investigations without help, and we actually understand the benefit of leveraging our resources. So, obviously, it does cause me concern, which I will have to look into at some point.

But I really feel that that is the big gap. We do not have a lot of Sheriff Kings out there in the country that understand this scam, so I will share that that is a key, is we need to educate local law enforcement what this is, so when they do get a call they have the tools available to deal with that.

Senator BLUMENTHAL. Because you have a lot of expertise and authority that local officials do not have.

Mr. TILLER. We do, and we are actually working with the National Association of Attorney Generals now, the Inspection Service is, to help come up with some tools to share with local law enforcement so they do know how to handle that call when they do get it.

Senator BLUMENTHAL. Thank you.

Thank you, Mr. Chairman.

Chairman NELSON. We will keep the record open for ten days for further testimony that wants to be submitted for the record.

I want to thank the second panel, Mr. Tiller, Mr. Callender, and Mr. Hopkins. Thank you very much. I want to thank all the folks that have been here today very patiently, interested in this subject.

Senator Collins and I are not going to let this one go. We want to see some indictments and some extraditions and some prosecutions. And this is just one of the scams that is going on, and it is a vulnerable population and that happens to be the subject matter of this committee.

So with that thought, thank you all. Have a great day. The meeting is adjourned.

[Whereupon, at 4:18 p.m., the committee was adjourned.]



## **APPENDIX**



**Submission of the Government of Jamaica  
to the  
Senate Special Committee on Aging**

**March 13, 2013**

The Government of Jamaica (GOJ) extends its thanks to the Special Committee on Aging for holding this hearing on the scourge of Lottery Scams and is fully committed to do everything in its power to end these scams that prey on the elderly. The GOJ recognizes the impact that this has on both of our countries and has undertaken a series of measures designed to counter these illegal activities, and to bring those responsible to justice. The GOJ has been working closely with U.S. Law Enforcement Agencies to investigate and prosecute scammers.

Jamaica has passed tough new legislation that increases penalties and prison time for criminals—specifically designed to target the lottery scammers and other advance fee frauds. We are targeting their networks, their tactics, their technology and those who assist them in their criminal activities. The Government of Jamaica is determined to combat all forms of illegal activities and is especially focused on advance fee frauds like lottery scams.

We are very concerned about the victims and their families who have been affected and will continue to work with our local and international partners to gather evidence to construct cases that will bring the perpetrators to justice and provide victims with some recourse. We are also conducting a public education campaign to enlist the public's support to end these scams.

**Our five-point plan to combat scams is:**

1. **Focused Public Education Outreach.** Jamaica is conducting a public education campaign to sensitize citizens on the negative consequences of the lottery scam and to deter participation. We are also working with U.S. outreach groups, and through the media, to provide consumers with information and tips on how to protect themselves.
2. **Increased Enforcement.** The Government of Jamaica is building the capacity of the Jamaican Police to detect, investigate, and prosecute scammers.
3. **Fortify our Laws.** Jamaica is strengthening our laws to create offences specific to lottery scamming type activities including obtaining property by false pretence, identity theft, and the use of technology to facilitate same, while simultaneously providing for tough penalties upon conviction.
4. **Toughen Judicial and Procedural Rules.** Jamaica is making changes to our judicial procedures to make it easier to prosecute scammers.
5. **Facilitate Restitution.** Jamaican law will now provide for restitution to the victims of scams.

**1. Education**

Jamaica has launched our version of the “If you see something, say something” campaign. It essentially uses media advertising to sensitize citizens to the impact of scamming and encourages them to report scamming activities in their communities.

We have also strengthened social intervention programmes through the Citizens Security and Justice Programme (CSJP) to assist in steering youth within inner city communities away from all types of criminal activities. This has been done through various media, including skills training and development, internship programmes, and sports.

**2. Enforcement**

We have also increased our focus on detection, investigation, and prosecution of criminals. Jamaica established the Major Organized Crime and Anti-Corruption (MOCA) task force, which became operational in September 2012. An elite criminal investigation organization, MOCA’s main role is to dismantle organized criminal networks by targeting the profits made from illicit activities, and identifying and charging their facilitators. MOCA has seriously disrupted several criminal networks engaged in scamming.

The Government of Jamaica is creating new offences relating to identity theft and criminalizes the use of the identity information of another person to commit an offence under this Act or any other law and will make it an offence to obtain or possess identity information of another in circumstances which give rise to reasonable inference that the information has been used or is intended to be used to commit an offence under this Act or any other law.

**3. Legal**

The Government of Jamaica is strengthening its criminal laws to specifically target the types of criminal activity related to advance fee scams. These provisions will go to the heart of the ‘lottery scam’ and the fraudulent inducements which are used to trick victims into sending money. Penalties include unlimited fines and imprisonment up to 20 years.

Our new law will make it an offence to invite or induce someone, by a false pretence, to visit Jamaica for any purpose connected with the commission of an offence under this Act. The penalty for this offence is a fine or imprisonment not exceeding twenty years or both such fine and imprisonment.

It will now be an offence for any owner, occupier or other person responsible for the management of any premises to cause, or knowingly permit, the premises to be used for any purpose which constitutes an offence under this new law.

It will now be an offence to threaten, intimidate or cause injury to any person who is involved in a criminal investigation or trial of an offence under the new law or who attempts to do so. This will cover victims, witnesses, police officers, judges, expert witnesses and others.

This law also introduces a new offences relating to identity theft and criminalizes the use of the identity information of another person to commit an offence.

#### **4. Judicial and Procedural**

The Government of Jamaica is changing our evidence rules to allow testimony to be given in Jamaican court proceedings via a live audio-visual link from a remote location, and permit video-recorded evidence to be taken as a witness' evidence in chief. The legislation is particularly beneficial to lottery scam victims who cannot travel to Jamaica for court proceedings.

Persons charged with lottery scam offences, will be committed for trial without any preliminary examination and tried before a judge sitting alone without a jury.

The new law makes provision for issuance of a search warrant to a police officer to search premises for evidence of or relating to an offence under this Act. The warrant may also authorize the seizure of property, which the officer on reasonable grounds, believes to be evidence or related to an offence under the Act.

#### **5. Restitution**

Jamaican law will now mandate the Court to order a person convicted of a criminal offence under this Act to make restitution to the victim of the offence, without going through a separate judicial proceeding. Restitution may involve the payment of money equivalent to the loss sustained by the victim plus any interest which may have accrued during the period which the person was deprived of his property. In any other case the court can order the property be returned to the victim or his designee or

that an amount equal to the value of the property be paid where the return of the property is impossible or impracticable.

Where the victim is deceased, the law now provides that the personal representative of the victim is entitled to receive restitution ordered by the court. "Personal representative" is defined to mean the executor, administrator or heir of the deceased person.

**Conclusion**

I hereby submit to the Committee the following items of information concerning Jamaica's efforts to combat the Lotto Scam:

- (a) Government of Jamaica (GOJ) Anti-Lottery Scamming Activities Brief 2012-2013, December 2012. This document was updated on March 4, 2013, and has been prepared by the Jamaican Ministry of National Security. It sets out in summary form some of the measures that have been undertaken by the Government of Jamaica in recent months to combat Lotto Scams, and identifies certain initiatives that are to be undertaken in 2013. Appendix 1 to this document provides a summary of support provided to Jamaica by certain United States Government Agencies to combat Lottery Scams emanating from Jamaica or Jamaicans.
- (b) A Statement by the Honourable Peter Bunting, M.P., Minister of National Security, Jamaica, on the presentation to Parliament of the Law Reform (Fraudulent Transactions)(Special Provisions) Act, 2013, on March 5, 2013. This piece of legislation is designed to create specific offences pertaining to Lottery Scams. It is anticipated that this law will be enacted by the end of March 2013; and
- (c) The Law Reform (Fraudulent Transactions) (Special Provisions) Bill, draft dated February 19, 2013, as introduced by Minister Bunting on March 5, 2013.

The Government of Jamaica stands willing to provide additional information and to offer further perspectives, as may be requested by the Senate Special Committee on Aging. We anticipate that the recommendations of the Senate Special Committee on Aging will contain policy prescriptions that may be of assistance to the Governments of both the United States of America and Jamaica

The Government of Jamaica is fully committed to working with the U.S. in the fight to prevent Lottery Scams and Advance Fee Fraud that negatively affect the citizens of both our nations. Our Government extends its thanks to the Senate Special Committee on Aging for holding this important hearing.

STATEMENT BY THE HON. PETER BUNTING M.P., MINISTER OF NATIONAL SECURITY (JAMAICA) ON THE PRESENTATION TO PARLIAMENT OF THE LAW REFORM (FRAUDULENT TRANSACTIONS) (SPECIAL PROVISIONS) ACT, 2013 DESIGNED TO ADDRESS ASPECTS OF THE LOTTO SCAM PROBLEM IN JAMAICA

**The Law Reform (Fraudulent Transactions) (Special Provisions) Act, 2013.**

1. I place before this Honourable House for consideration and approval, the **Law Reform (Fraudulent Transactions) (Special Provisions) Act, 2013**. The long title of this Act describes its purpose; it is an Act to make new provisions for offences relating to lottery scams, advance fee fraud and other fraudulent transactions and for connected matters. In short it seeks to specifically target the criminal activity known as the "Lottery Scam" and other related fraudulent activities.
2. This Honourable House is no doubt aware of the so called "lottery scam" criminal phenomenon centred primarily in western Jamaica. Although the general activity of scammers is currently referred to as lottery scams, the activity is multidimensional and is not always predicated on supposed lottery winnings. Unsuspecting individuals are often told that they are winners of opportunities and prizes (such as vacations, money and jobs) and are thereby urged to pay fees in advance so as to access such winnings.
3. These forms of fraud are described as advance fee fraud which is the current international terminology used for any fraud that involves the advance payment of fees by victims into schemes from which they do not obtain the promised benefit. While the names of the frauds have changed over time the nature of the activity remains the same.

**The Scam is of serious and urgent concern to the government and the Parliament for three reasons:**

4. **First**, the financial loss and emotional trauma to victims are of particular concern as these victims are primarily elderly persons who have had their life savings fleeced by unscrupulous criminals. These persons are often unable to recognize immediately that they are being defrauded and become even more vulnerable to scammers who may threaten their lives when the funds have depleted.

5. **Second reason for concern:** The lottery scam has also caused huge reputational damage to 'Brand Jamaica', threatening the growth of legitimate businesses and stifling investments particularly in the Business Process Outsourcing (BPO) sector. In August 2012, Western Union International closed fourteen (14) of its branches in St James in order to implement security measures capable of combating the lottery scam.
  
6. More recently, the scam has gained increased international attention with the United States' Senate Special Committee on Ageing committing earlier this year to bring the matter to the attention of Congress. The Committee is expected to have a special sitting this month to discuss the lottery scam and its implications on US citizens. Additionally, in January, Dan Rather, noted American journalist, visited the island to collect footage for a documentary scheduled to be aired later this month. Currently, teams from the NBC and CBS are on the island with the aim of gathering information on the lottery scam.
  
7. **The third reason for urgent concern and action:** The link between lottery scam and increasing gang violence is also alarming. The proceeds that are derived from the scam often end up fuelling criminal gangs primarily as a result of scammers hiring these gangs to protect them from other scammers or extortionists or violence. Based on a report by the National Intelligence Bureau, 21 of Jamaica's criminal gangs are involved in the lottery scam, and of note is the fact that all 17 gangs in St. James are involved. The Police estimate that 40% of murders in St. James are linked to the lottery scam.
  
8. Based on the aforementioned negative impact of the scam, the Government, through the Ministry of National Security (MNS) and its agencies and the Ministry of Justice, has embarked on a strategic approach to eradicating the scam. The efforts can be categorized as follows:

**Public Education**

The MNS has designed and executed a comprehensive communication and information programme to educate persons of the dangers of scamming and its negative impact on the socio-economy of Jamaica. In October 2012, the Ministry of National Security launched a campaign under the name, "Silence Brings Violence", which served to encourage persons to report scamming activities in their communities. A follow-up campaign was also launched in January 2013, entitled "The Scam is Over". The Ministry has also strengthened its social intervention programmes through the Citizens Security and Justice Programme (CSJP) to assist in steering youth within inner city communities away from all

types of criminal activities. This has been done through various media, including skills training and development, internship programmes, and sports. Social media is also a vehicle being used to delegitimize all forms of criminality by beginning the process of culture change (i.e. re-socialization).

#### **Operations**

The Major Organized Crime and Anti-Corruption (MOCA) Task Force, which became operational in September 2012 is an elite criminal investigation organization, which represents only the second fully vetted agency of its kind in the region. MOCA's main role is to dismantle organized criminal networks by targeting the profits made from illicit activities, and identifying and charging their facilitators who may be corrupt public officials or senior persons in the private sector.

The Anti-Lotto Scam task force, established in January 2012 has been subsumed under this elite organization to ensure that Jamaica has its best resources targeting this activity. The Task Force has already made significant inroads into the scam. Some **39 major operations** were carried out last year, which seriously disrupted several criminal networks engaged in scamming. The Task Force recovered lead lists with approximately 1.2 million names; arrested 367 persons; charged some 100 persons for related offences; seized— JM\$32.6 million in cash, 121 motor vehicles, 124 computers, 577 cell phones, 30 magic jacks and two illegal firearms.

Our local law enforcement officials are also collaborating with agencies of the United States Government to combat these criminals. So far this year, this collaboration has yielded positive results with the seizure of cash, the apprehension of suspects, and the collection of statements from victims and 'money mules'<sup>1</sup>. A variety of electronics, jewellery and other valuables have also been confiscated.

#### **Legislation:**

In 2012, the Government also began the process of strengthening the legislative framework to tackle the scam. To this end, the **Evidence (Special Measures) Act 2012** was passed to allow testimony to be given in Jamaican court proceedings via a live audio-visual link from a remote location, and permit video-recorded evidence to be taken as a witness' evidence in chief. The legislation is potentially beneficial to lottery scam victims who are unable or unwilling to travel to Jamaica to give evidence in a trial.

<sup>1</sup> Persons involved in the illegal trafficking of monies from victims to scammers. Monies collected by mules are sometimes held and sent through the remittance outlets in portions below the threshold to various individuals in Jamaica.

Sections 35 and 46 of the Larceny Act have been added to Schedule 2 of the Proceeds of Crime Act, to allow the courts to confiscate the property of persons convicted of violating those Sections, which create the offences of 'Obtaining Money by False Pretences' and 'Receiving Stolen Property', both of which are offences very relevant to lottery scamming.

9. Given the difficulty in convicting scammers on existing legislation, the government has moved with great urgency to enact a comprehensive piece of legislation which creates specific offences for the lottery scam and other current and emerging forms of fraud which are enabled in no small measure by modern communications technologies. After considerable research and collaboration between several law enforcement and legal agencies the Bill before this Honourable House is the culmination of that effort. This Bill will strengthen existing offences; introduce several new offences and covers areas not previously dealt with in Jamaican law.

10. The Bill is organized into four parts; Part 1 which contains the short title and interpretation sections, Part 2 which sets out the offences, Part 3 which contains the enforcement provisions and Part 4 which deals with regulations and other matters. The penalties which the offences in this Bill will carry are set out in the Schedule. I wish to point out from the outset that the levels of penalties proposed in the Schedule are reflective of the seriousness with which the government views these offences.

11. At a later stage I propose to move an amendment to this Bill to insert a new clause to make provision for the additional offence of obtaining a benefit by menace.

12. I now turn to the Bill.

**Part 1**

**Clause 1**

Clause 1 is the usual provision for the short title of the Act; the **Law Reform (Fraudulent Transactions) (Special Provisions) Act, 2013**

**Clause 2**

Clause 2 is the interpretation section which defines the terms used in the Bill. Of particular note is the term "access device" which is a new term in Jamaican law. It seeks to capture credit cards, account numbers or any means by which money or benefit or thing of value can be obtained such as the electronic retail payments services using

mobile phones. This term was adapted from the US Federal Code and is intended to be technology neutral so as to capture new and emerging forms of access devices.

I now turn to **Part 2** of the Bill which sets out the offences.

### **Clause 3**

Clause 3 (1) will criminalize the act of obtaining any property from another person or inducing them to deliver any property to the offender or any other person by a false pretence. Clause 3 (2) is to similar effect; a person commits an offence where he induces any other person to confer a benefit on him or any other person by doing or permitting a thing to be done on the understanding that a benefit has been or will be paid for or some other benefit would be provided in exchange.

These provisions will go to the heart of the 'lottery scam' and the fraudulent inducements which are used to trick victims into sending money to the scammers.

Given the international scope of these criminal activities, clause 3 (2) makes it clear that the reference to "...any other person..." in sub sections (2) and (3) are references to persons who at the time of the offence are within or outside of Jamaica.

This new offence in clause 3(1) is functionally equivalent to the offence of obtaining by false pretence under s. 35 of the Larceny Act. Scammers have been charged with obtaining by false pretences but in light of the weakness identified in the investigation and prosecution of lotto scam offences and the need to have a comprehensive criminal statute that would deal with all aspects of these crimes, provision had to be made for the inclusion of this offence.

It is important to stress that the offence of obtaining by false pretence under s.35 of the Larceny Act is a summary offence triable in the Resident Magistrates Court with a maximum sentence of 5 years imprisonment. This offence and indeed all offences in this Bill will be triable in the Circuit Court and attract severe penalties reflecting the seriousness of these offences.

The penalty attached to the offences in the Bill are set out in the Schedule and offences under Clause 3 will attract a fine or imprisonment not exceeding twenty years or both such fine and imprisonment. As this is a fine in the Supreme Court, the quantum of the fine is potentially unlimited.

### **Clause 4**

This clause will make it an offence to invite or induce someone, by a false pretence, to visit Jamaica for any purpose connected with the commission of an offence under this Act. The penalty for this offence is a fine or imprisonment not exceeding twenty years or both such fine and imprisonment.

**Clause 5**

It will now be an offence for any owner, occupier or other person responsible for the management of any premises to cause, or knowingly permit, the premises to be used for any purpose which constitutes an offence under this Act. The penalty for this offence is a fine or imprisonment for a term not exceeding fifteen years.

**Clause 6**

This clause seeks to capture two important aspects of the lotto scam, the conducting of financial transactions and the transfer or transport of money or money instruments derived from proceeds of unlawful activity. These are new offences and several of the critical terms used in this clause are defined in subsection (3).

Clause 6 (1) will make it an offence for a person to conduct or attempt to conduct a financial transaction, which involves the proceeds of an unlawful activity where that person knows or has reasonable cause to believe, that the proceeds involved could constitute or be related to some form of unlawful activity. This provision will target the use by scammers of couriers or agents who collect the proceeds of their scam from money transfer firms.

"Financial transaction" is defined in clause 6 (3) and means the transferring or moving any currency, cheque, money order or similar instrument

The term "unlawful activity" refers to any act or activity which constitutes an offence under this Act or an offence against the laws of another state

The penalty for this offence is set out in the Schedule and is a fine or imprisonment not exceeding fifteen years

Clause 6 (2) will specifically criminalize the transfer of money or a monetary instrument internationally by a person in Jamaica where they use an access device or by other means. So long as the perpetrator is in Jamaica this will be an offence whether the proceeds flow into, out of or through Jamaica or where the proceeds are moved from one country to another and never enter Jamaica.

In all cases the person involved must know or have reasonable grounds to believe the money or monetary instrument involved in the transfer or transportation could constitute or be related to the proceeds of some form of unlawful activity.

The penalty for this offence is set out in the Schedule and is a fine or imprisonment not exceeding twenty years.

**Clause 7**

It will be an offence to threaten, intimidate or cause injury to any person who is involved in a criminal investigation or trial of an offence under this Act or who attempts to do so. This will cover victims, witnesses, police officers, judges, expert witnesses and others.

This is a very serious offence and the penalty is imprisonment not exceeding twenty five years.

**Clause 8**

Clause 8 introduces new offences relating to the theft, forgery, possession use or trafficking of an access device. Although credit cards and credit card numbers are perhaps the most widely used form of access device you will recall that the term is defined in clause 2 to capture not only credit cards and account numbers but also any means by which money or benefit or thing of value can be obtained.

Clause 8(1) provides that a person commits an offence where he steals, forges or falsifies, possess uses or trafficks in an access device knowing that it was obtained made or altered by an act or omission constituting an offence under this Act or any other law of Jamaica. It is also an offence if the act or omission occurs in any other state where if the act or omission had occurred in Jamaica it would have constituted an offence against the laws of Jamaica.

It will also be an offence to use an access device knowing that it has been revoked or cancelled.

Clause 8(2) deals with another aspect of this criminal activity. It will be an offence to possess, use, traffick in or permit another person to use any data from an access device (whether or not the data is authentic), that would enable such other person to use the access device. We are dealing with sophisticated and technologically savvy criminals and the phrase "... (whether or not the data is authentic)..." is meant to cover, among other things, instances where data which is used to access the service which the access device provides is not that provided, or authorised, by the issuer or owner of the access device but has been hacked from the access device or forged.

Clause 8(3) defines the word "traffick" in broad terms to mean to sell, export from or import into Jamaica, distribute or deal with in any other way.

The penalty in the Schedule for these offences is a fine or imprisonment not exceeding 15 years or both a fine and imprisonment.

**Clause 9**

This clause is related to clause 8 and will make it an offence for any person, without lawful justification, to deal in any instrument, device, apparatus or thing (this includes software), which he knows has been used, or knows is adapted for use or intended for

use in copying data from an access device for the purpose of committing a offence against this Act or in forging or falsifying an access device.

The penalty for this offence is a fine or imprisonment not exceeding twenty years or both a fine and imprisonment.

**Clause 10**

This clause introduces a new offences relating to identity theft.

Clause 10 deals with what is commonly called identity theft and criminalizes the use of the identity information of another person to commit an offence under this Act or any other law. The term "identity information" is defined in clause 10 (3) and covers a wide range information which can be used to identify an individual living or dead.

The two offences set out in this clause seeks to target among other things, the possession and use of 'lead sheets', that is collated data of personal information which is used to target and contact potential victims of the lotto scam.

Clause 10(1) will make it an offence to obtain or possess identity information of another in circumstances which give rise to reasonable inference that the information has been used or is intended to be used to commit an offence under this Act or any other law.

Clause 10 (2) goes further and makes it an offence to convey, or attempt to convey, the identity information of others to anyone else in circumstances which give rise to a reasonable inference that the information has been used or is intended to be used to commit an offence under this Act or any other law.

The penalty for offences under Clause 10(1) and (2) is a fine or imprisonment for a term not exceeding fifteen years or both such fine and imprisonment.

**Clause 11**

Clause 11 (1) provides that it will be an offence to conspire, aid, abet, counsel or procure any other person to commit an offence under this Act. It will also be an offence to incite or induce any other person, by whatever means, to commit an offence under this Act. The penalty for an offence under clause 10(1) is imprisonment for a term not exceeding fifteen years.

Clause 11(2) seeks to make it clear, for the avoidance of any doubt, that a charge of an attempt to commit an offence under this Act will not fail only because the false pretence which constitutes an element of the offence is contained in a document which was not received by the person to whom the false pretence was directed. For example where an email containing the false pretence is sent to a nonexistent or non-functioning email address so that the intended recipient does not receive it, this would not, by itself, prevent the sender from being convicted for the attempt.

Clause 11(3) also makes it clear that every act or omission which is done to facilitate the commission of an offence under this Act will constitute an attempt to commit the offence.

**Clause 12**

Clause 12 provides that the penalties for offences under this Act are set out in the Schedule and will be triable on indictment in the Circuit Court.

We now come to **Part 3** of the Bill which contains the Enforcement Provisions.

**Clause 13**

Persons charged with offences under this Act will be committed for trial without any preliminary examination and tried before a Judge of the Circuit court sitting alone without a jury.

It should be noted that by virtue of clause 13(2) preliminary examinations includes any proceedings for the committal of a person for trial. This means that committal proceedings which are currently being considered by this Honourable House to replace preliminary enquires will also not apply to these offences and they will go directly to the Circuit Court.

**Clause 14**

Clause 14 is an evidential provision which allows the court to take into consideration the fact that a person is in possession of property for which he cannot satisfactorily account and which is disproportionate to his known sources of income. Also where a person at or about the time of the alleged offence obtained an accretion to his property for which he cannot satisfactorily account.

These can be taken into account by the Court in corroborating the testimony of a witness and is admissible as evidence to the extent relevant to any issue in the trial.

**Clause 15**

Clause 15 makes provision for issue of a search warrant by a Justice of the Peace to a constable to search premises for evidence of or relating to an offence under this Act. The warrant may also authorize the seizure of property which the constable on reasonable grounds believes to be evidence or related to an offence under the Act.

**Clause 16**

Clause 16 (1) mandates the Court to order a person convicted of an offence under this Act to make restitution to the victim of the offence. Restitution may involve the payment of money equivalent to the loss sustained by the victim plus any interest which may have accrued during the period which the person was deprived of his property. In any other case the court can order the property be returned to the victim or his designee or

that an amount equal to the value of the property be paid where the return of the property is impossible or impracticable.

Clause 16 (2) provides that an order of restitution may be enforced by victim or the prosecution on behalf of the victim in the same manner as a judgement in a civil action.

Where the victim is deceased, clause 16 (3) provides that the personal representative of the victim is entitled to receive restitution ordered by the court. "Personal representative" is defined in clause 16 (4) to mean the executor, administrator or heir of the deceased person.

We now turn to Part 4 of the Act.

**Clause 17**

This clause empowers the Minister to make regulations for the administration of and giving effect to the provisions of the Act. These regulations may provide for the imposition of penalties of a fine not exceeding three million dollars or imprisonment not exceeding three years or to both fine and imprisonment. Regulations made under this section are subject to affirmative resolution.

**Clause 18**

Clause 18 empowers the Minister to amend any monetary penalty prescribed by this Act by order which is also subject to affirmative resolution.

**Schedule**

As was indicated by Clause 15, the schedule sets out the description of the offences in this Bill in the first column, indicates the relevant section and sets out the corresponding penalty in the second column.

**Conclusion**

This Government is determined to eradicate all forms of illegal activities which threaten Jamaica's development. The lottery scam has caused serious damage to Jamaica's international reputation, and as such, threatens some of our most promising export sectors. Within the current fiscal limitations and the urgent need to attract lucrative investments to the island, we are doing everything possible to eradicate the scam. We also have concern for the numerous victims and their families who have been affected and will continue to work with our local and international partners to gather evidence to construct cases which will bring the perpetrators to justice and provide victims with some restitution.

DRAFT  
February 19, 2013

**THE LAW REFORM (FRAUDULENT TRANSACTIONS)  
(SPECIAL PROVISIONS) ACT**

(Act of 2013)

**ARRANGEMENT OF SECTIONS**

**PART I. *Preliminary***

1. Short title and commencement.
2. Interpretation.

**PART II. *Offences***

3. Offence of obtaining property by a false pretence, *etc.*
4. Offence of inviting a person to visit Jamaica by a false pretence.
5. Offence of using premises for purposes which constitute an offence under this Act.
6. Offence of conducting a financial transaction involving the proceeds of some form of unlawful activity, *etc.*
7. Offence of threatening or intimidating a person involved in a criminal investigation or trial of an offence.
8. Offence relating to theft, forgery, *etc.*, of access device.
9. Offence of making, repairing, buying, *etc.*, thing for copying data from an access device or forging or falsifying an access device.
10. Offence of knowingly obtaining or possessing, transmitting, distributing, *etc.*, identity information of a person.
11. Conspiring, aiding *etc.*
12. Offences and penalties.

**PART III. *Enforcement Provisions***

13. Committal for trial without preliminary examination and trial without jury.
14. Possession of property not accounted for.
15. Powers of search and seizure.

16. Restitution.

**PART IV. *General***

17. Regulations.

18. Power of Minister to amend penalties.

SCHEDULE

**A BILL  
ENTITLED**

**AN ACT** to Make new provision for offences relating to lottery scams, advance fee fraud and other fraudulent transactions and for connected matters.

**BE IT ENACTED** by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and House of Representatives of Jamaica, and by the authority of the same, as follows:-

**PART I. Preliminary****Short title  
and com-  
mencement.**

1. This Act may be cited as the Law Reform (Fraudulent Transactions) (Special Provisions) Act, 2013.

**Interpretation.**

2. In this Act –

“access device” means any card, plate, code, account-number, electronic serial number, mobile identification number, personal identification number and any other means of access that can be used alone or with another device, to obtain a benefit or other thing of value, or that can be used to initiate a transfer of money;

“benefit” includes any property, service or advantage;

“Court” means a Circuit Court;

“document” means anything in which information of any description is recorded;

“false pretence” means a representation of a matter of fact either present or past, made by words or otherwise, that is known by the person who makes it to be false and that is made with a fraudulent intent to induce the person to whom it is made to act on the representation;

“property” means all property wherever it is situated including –

- (a) money;
- (b) all forms of real property or personal property; and
- (c) things in action and other intangible or incorporeal property.

#### **PART II. Offences**

**Offence of obtaining property by a false pretence, etc.**

3. – (1) Notwithstanding anything contained in any other law, a person commits an offence where that person by a false pretence, whether directly or indirectly, through the medium of a contract or other arrangement, entered into by a false pretence –

- (a) obtains from any other person, any property for himself or any other person; or
- (b) induces any other person to deliver to him or any other person, any property.

(2) A person commits an offence where that person, by a false pretence, induces any other person to confer a benefit on him or on any other person by doing or permitting a thing to be done, on the understanding that the benefit has been or will be paid for or some other benefit would be provided in exchange.

(3) The references in subsections (1) and (2) to any other person are references to such other person, whether that person is at the time of the commission of the offence within or outside Jamaica.

**Offence of inviting a person to visit Jamaica by a false pretence.**

4. A person commits an offence where that person, by a false pretence, invites or otherwise induces any other person to visit Jamaica for any purpose connected with the commission of an

offence under this Act.

**Offence of using premises for purposes which constitute an offence under this Act.**

5. The owner, occupier or any other person responsible for the management of any premises, commits an offence where that owner, occupier or other person causes or knowingly permits the premises to be used for any purpose which constitutes an offence under this Act.

**Offence of conducting a financial transaction involving the proceeds of some form of unlawful activity, etc.**

6. – (1) A person commits an offence where that person conducts or attempts to conduct a financial transaction which involves the proceeds of an unlawful activity, if the person knows or has reasonable grounds to believe, that the proceeds involved in the financial transaction could constitute or be related to the proceeds of some form of unlawful activity.

(2) A person commits an offence where that person, being in Jamaica, uses or causes to be used, an access device or other means, to transfer or transport, attempt to transfer or transport or cause to be transferred or transported, money or a monetary instrument -

- (a) from a place in Jamaica to or through a place outside Jamaica;
- (b) to a place in Jamaica from or through a place outside Jamaica; or
- (c) from a place outside Jamaica to another place outside Jamaica,

if the person knows or has reasonable grounds to believe, that the money or the monetary instrument involved in such transfer or transportation could constitute or be related to the proceeds of some form of unlawful activity.

(3) For the purposes of this section -

“conduct” in relation to a transaction includes initiating, being involved, connected with, concluding, or participating in initiating or concluding the transaction;

“financial transaction” means a transaction involving the transfer or other movement of money or a monetary instrument by any means;

“monetary instrument” means a note, coin or other item that constitutes the currency of Jamaica or of any other foreign State, a traveller’s cheque, personal cheque, bank cheque, money order, investment security in bearer form or otherwise in such form that title thereto passes upon delivery;

“proceeds” in relation to any unlawful activity means any property derived or obtained, directly or indirectly through the carrying out of that activity;

“transaction” includes -

- (a) a loan, pledge, gift, transfer, delivery, deposit or withdrawal of money;
- (b) an exchange of currency;
- (c) a purchase or sale of any monetary instrument; or
- (d) any other transfer or delivery of or payment by means of any monetary instrument by whatever means effected;

“unlawful activity” means -

- (a) any act or activity constituting an offence under this

Act; or

- (b) an offence against the laws of a foreign State involving obtaining property by fraud where acts constituting the offence are committed in whole or in part in Jamaica.

**Offence of threatening or intimidating a person involved in a criminal investigation or trial of an offence.**

7. A person commits an offence where that person threatens, intimidates, causes any injury or attempts to cause any injury, to any person who is involved, in any form or manner, in a criminal investigation or a trial of an offence committed under this Act.

**Offences relating to theft, forgery, etc., of access device.**

8. - (1) A person commits an offence where that person -
- (a) steals an access device;
  - (b) forges or falsifies an access device;
  - (c) possesses, uses or trafficks in any access device or a forged or falsified access device, knowing that it was obtained, made or altered -
    - (i) by an act or omission constituting an offence under this Act or any other law; or
    - (ii) by an act or omission in a foreign State where such act or omission, had it occurred in Jamaica, would have constituted an offence against the laws of Jamaica; or
  - (d) uses an access device knowing that it has been revoked or cancelled.

(2) A person commits an offence where that person fraudulently possesses, uses, trafficks in or permits another person to use any data from an access device (whether or not the data is

authentic), that would enable such other person to use the access device or to obtain the services that are provided by the issuer of the access device.

(3) For the purposes of this section “traffick” means, in relation to an access device or any data derived from an access device, to sell, export from or import into Jamaica, distribute or deal with in any other way.

**Offence of making, repairing, buying, etc., thing for copying data from an access device or forging or falsifying an access device.**

9. A person commits an offence where that person, without lawful justification or excuse, makes, repairs, buys, sells, exports from or imports into Jamaica, or possesses any instrument, device, apparatus, material or thing that he knows has been used or knows is adapted for use or intended for use -

- (a) in the copying of any data from an access device for use in the commission of an offence under this Act; or
- (b) in the forging or falsifying of an access device.

**Offence of knowingly obtaining or possessing, transmitting, distributing, etc., identity information of a person.**

10. - (1) A person commits an offence where that person knowingly obtains or possesses identity information of any other person in circumstances which give rise to a reasonable inference that the information has been used or is intended to be used to commit an offence under this Act or any other law.

(2) A person commits an offence where that person transmits, makes available, distributes, sells or offers for sale, identity information of any other person, or has it in his possession in circumstances giving rise to a reasonable inference that the information has been used or is intended to be used to commit an offence under this Act or any other law.

(3) For the purposes of this section, “identity information” means any information, including –

- (a) a fingerprint, voice print, retina image, iris image, DNA profile, or any other biological or physiological information;
- or
- (b) a name, address, date of birth, written signature, electronic signature, e-mail address, digital signature, user name, credit card number, debit card number, financial institution account number, health insurance number, driver’s licence number, telephone number, taxpayer registration number, social security number, or any other unique personal identification number, or password,

being information of a type that is used, alone or in combination with other information, to identify or purport to identify an individual, whether living or dead.

**Conspiring,  
aiding, etc.**

11. – (1) A person commits an offence where that person-

- (a) conspires with, aids, abets, counsels or procures any other person to commit an offence under this Act; or
- (b) incites or induces any other person by whatever means to commit an offence under this Act.

(2) Where a false pretence which constitutes an element of an offence under this Act is contained in a document, a charge of an attempt to commit the offence shall not fail by reason only that the document was not received by the person to whom the false pretence was directed.

(3) Notwithstanding anything to the contrary in any other

law, every act or thing done or omitted to be done by a person to facilitate the commission by him of an offence under this Act shall constitute an attempt to commit the offence.

**Offences and penalties. Schedule.**

12. A person who commits an offence under this Act shall be liable, on conviction on indictment in a Circuit Court, to the penalty specified in relation thereto in the second column of the Schedule.

**PART III. Enforcement Provisions**

**Committal for trial without preliminary examination and trial without jury.**

13. - (1) Where a person is charged with an offence under this Act, the person shall be committed for trial without any preliminary examination and shall be tried before a Judge of the Circuit Court sitting alone, without a jury.

(2) In this section, "preliminary examination" includes any proceedings, by whatever name called, for determining the committal of a person for trial.

**Possession of property not accounted for.**

14. In a trial for an offence under this Act, the fact that a person –

(a) is in possession of property for which he cannot satisfactorily account and which is disproportionate to his known sources of income; or

(b) had at or about the time of the commission of the alleged offence, obtained an accretion to his property for which he cannot satisfactorily account,

may be taken into consideration by the Court as corroborating the testimony of a witness in the trial and is admissible as evidence to the extent relevant to any issue in the trial.

**Powers of search and seizure.**

15. - (1) Where a Justice of the Peace is satisfied by information on oath, and such further information as he may in the circum-

stances require, that there are reasonable grounds for suspecting that evidence of or relating to an offence under this Act is to be found on any premises specified in the information, he may issue a warrant in accordance with subsection (2).

(2) A warrant issued under this section may authorize a constable named therein, with such assistance as is reasonably necessary and by the use of reasonable force, to -

- (a) enter the premises and search for evidence of, or relating to, an offence under this Act; and
- (b) seize property found in the course of the search that the constable believes, on reasonable grounds, to be evidence of, or relating to, an offence under this Act.

**Restitution.**

16. - (1) In addition to any other penalty under this Act, the Court shall order a person convicted of an offence under this Act to make restitution to the victim of the offence by directing the person convicted -

- (a) where the property involved is money, to pay to the victim an amount equivalent to the loss sustained by the victim which amount shall include any interest income which may otherwise have accrued for the period during which the person was deprived of his property or;
- (b) in any other case -
  - (i) to return the property to the victim or to a person designated by the victim; or
  - (ii) to pay an amount equal to the value of the property, where the return of the property is impossible or

impracticable.

(2) An order of restitution may be enforced by the victim or by the prosecution on behalf of the victim in the same manner as a judgment in a civil action.

(3) Where a victim is deceased, the personal representative of the victim shall be entitled to receive restitution pursuant to an order made by the Court.

(4) For the purposes of this section, "personal representative" means the executor, administrator or heir of a deceased person.

#### **PART IV. *General***

##### **Regulations.**

17. - (1) The Minister may make regulations generally for the proper administration of and giving effect to the provisions of this Act.

(2) Regulations made under this Act may provide for the imposition of penalties on conviction of a fine not exceeding three million dollars or imprisonment for a term not exceeding three years or of both such fine and imprisonment.

(3) Regulations made under this section shall be subject to affirmative resolution.

##### **Power of Minister to amend monetary penalties.**

18. The Minister may, by order, subject to affirmative resolution, amend any monetary penalty prescribed by this Act.

**SCHEDULE (Section 15)***Offences and Penalties*

First Column		Second Column
Brief Description of Offence	Relevant Section	Penalty (maximum on conviction) in Circuit Court
1. Offence of obtaining property by false pretence, <i>etc.</i>	3	Fine or imprisonment for a term not exceeding twenty years or both fine and imprisonment
2. Offence of inviting a person by false pretence.	4	To a fine or imprisonment not exceeding twenty years or to both fine and imprisonment
3. Offence of using of premises for purposes which constitute an offence	5	To a fine or imprisonment not exceeding fifteen years.
4. Offence of conducting a financial transaction which involving the proceeds of some form of an unlawful activity	6(1)	To a fine or imprisonment not exceeding fifteen years
5. Offence of transporting or attempting to transport a monetary instrument	6(2)	To a fine or imprisonment not exceeding twenty years or to both such fine and imprisonment
6. Offence of threatening or intimidating a person	7	Imprisonment for a term not exceeding twenty-five years
7. Offences relating to theft, forgery, <i>etc.</i> , of access device	8	To a fine or imprisonment not exceeding fifteen years or to both fine and imprisonment
8. Offence of making, repairing, buying, selling, <i>etc.</i> , instruments for	9	To a fine or imprisonment not exceeding twenty years or to both fine and imprisonment

		copying access device, <i>etc</i>	
9.	Offence of obtaining identity information	10(1)	To a fine or imprisonment not exceeding fifteen years or to both fine and imprisonment
10.	Offence of trans- mitting, making available, distributing, selling or offering for sale the identity information of any other person	10(2)	To a fine or imprisonment not exceeding fifteen years or to both fine and imprisonment
11.	Offence of conspiring, aiding, <i>etc.</i> , com- mission of offence	11	Imprisonment for a term not exceeding fifteen years

#### MEMORANDUM OF OBJECTS AND REASONS

The growth of lottery scams as they are commonly called in Jamaica, has developed quickly and in a complex manner which has the potential to infiltrate all sectors of the society. This complexity is made evident by the fact that, the lottery scam in its purest form straddles both the spheres of organized crime and financial crime. This, therefore, necessitates the need for effective legislative action to combat the growth of this criminal activity as the law in its present stage has proven to be ineffective in prosecuting offenders.

This Bill therefore seeks to make specific provision for offences relating to lottery scams, advance fee fraud, other fraudulent transactions and for connected matters.

The Bill makes provision for, among other things, the following offences -

- (a) obtaining any property or inducing any person to confer any benefit on any person by a false pretence;
- (b) inviting or otherwise inducing a person to visit Jamaica for the purpose of committing an offence under the Act;
- (c) knowingly permitting premises to be used for any purpose which constitutes an offence under the Act;
- (d) knowingly conducting a financial transaction with the proceeds of an offence;
- (e) threatening or intimidating a person involved in a criminal investigation or trial of an offence under the Act;
- (f) theft or forgery of an access device;
- (g) repairing, selling, exporting from or importing into Jamaica, or possessing any instrument, device, apparatus, material or thing that he knows has been used or is adapted for use in copying data from an access device or in the forging or falsifying of a access device without lawful justification or excuse;
- (h) knowingly obtaining, or possessing, transporting or distributing identity information of a person in circumstances which give rise to a reasonable inference that information has been used or is intended to be used to commit an offence under the Act or any other law;

In addition, it must be noted that, the Proceeds of Crime Act will be amended by Order to apply to the offences under the Act proposed by this Bill. It is the intention, therefore, to adequately utilize the provisions of the Proceeds of Crime Act to facilitate the prosecution of offences under the new Act.

The Bill also makes provisions for powers of search and seizure and restitution.

Peter Bunting, MP  
Minister of National Security

**Government of Jamaica (GOJ) Anti-Lottery Scamming Activities Brief  
2012-2013  
December 2012**

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**Government of Jamaica Anti-Lottery Scamming Initiatives**

Between 2005 and 2012, the emergence and growth of **Lottery Scams\*** have hurt the socio-economy of Jamaica in several ways:

1. It has damaged the image and reputation of the country, leaving the impression with victims and their communities of a nation of fraudsters.
2. It places the Business Process Outsourcing (BPO) sector at risk as overseas firms fear their client data may be compromised.
3. It fuels violent crimes in Jamaica as scammers are targeted for extortion and, in turn, contract criminal gangs for protection, as well as for reprisals when double-crossed by their co-conspirators.

Since the emergence of this scam, which targets mainly elderly residents of the United States of America, the Government of Jamaica, through the Ministries of National Security, Justice, and Finance and Planning, has taken a multi-agency approach to eradicating this fraudulent activity.

**Anti-Lottery Scamming Operations in 2012**

In 2012, the Anti-Lottery Scam **initiatives spearheaded** by the Ministry of National Security were increased significantly; with the establishment of the Anti-Lotto Scam Task Force in January 2012. The Task Force carried out some **39 major operations** last year, which seriously disrupted several criminal networks engaged in scamming. The Task Force recovered lead lists with approximately 1.2 million names; arrested 367 persons; charged some 100 persons for related offences; seized— JMS\$32.6 million in cash, 121 motor vehicles, 124 computers, 577 cell phones, 30 magic jacks and two illegal firearms.

\*The lottery scam is a type of advance fee fraud where a potential victim is contacted via phone or email and advised of winning a fictional prize; however, to collect the prize they need to advance money ostensibly for processing, taxes etc.

The **National Security Policy 2012** also designates lottery scam as a Tier 1 threat<sup>1</sup> to Jamaica's national security, classifying it among crimes such as narco-trafficking and other transnational organized crimes, gang violence and domestic organized crimes, and corruption of public office.

Based on the seriousness of threat, the Government in partnership with various private sector entities has carried out some specific initiatives which include:

1. The design and execution of a comprehensive communication and information programme to educate persons of the dangers of scamming and its negative impact on the socio-economy of Jamaica. In October 2012, the Ministry of National Security launched a campaign under the name, "Silence Brings Violence", which served to encourage persons to report scamming activities in their communities. The Ministry has also strengthened its social intervention programmes through the Citizens Security and Justice Programme (CSJP) to assist in steering youth within inner city communities away from all types of criminal activities. This has been done through various media, including skills training and development, internship programmes, and sports.
2. The establishment of the **Major Organized Crime and Anti-Corruption (MOCA) Task Force**. This agency is an elite criminal investigation organization, which represents only the second fully vetted agency of its kind in the region. MOCA's main role is to dismantle organized criminal networks by targeting the profits made from illicit activities, and identifying and charging their facilitators who may be corrupt public officials or senior persons in the private sector. The Anti-Lotto Scam task force, established in January 2012 has been subsumed under this elite organization to ensure that Jamaica has its best resources targeting this activity.
3. The hosting of fortnightly meetings between the Lottery Scam Task Force and three commercial banks and two remittance agencies to discuss suspicious transactions and identify emerging patterns in lottery scamming and related matters.

#### **Legislation**

4. The passing of the **Evidence (Special Measures) Act 2012** which allows testimony to be given in Jamaican court proceedings via a live audio-visual link from a remote location, and also permits video-recorded evidence to be taken as a witness' evidence in chief. This legislation will enable persons outside of Jamaica, who have been victims of scamming, to give evidence from the country in which they were fleeced, in the prosecution of these cases in Jamaica. This is an important initiative, as now victims who

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<sup>1</sup> Tier 1 threats are clear and present dangers and are therefore the top priority. They require urgent response.

are not willing, or who are unable to travel to Jamaica to attend courts, can still play their part in the execution of justice.

5. The provision of an order by the Minister of National Security, the Honourable Peter Bunting, to incorporate Sections 35 and 46 of the Larceny Act into the Proceeds of Crime Act, to allow the courts to impose the confiscation of the criminal property of persons convicted of violating those Sections, which create the offences of 'Obtaining Money by False Pretences' and Receiving Stolen Property, both of which are offences very relevant to lotto scamming\*.

*\*Neither of these offences had been included in the Second Schedule of the Proceeds of Crime Act (POCA), which is the statute, which authorizes the court to order the confiscation of criminal property. One of the recommendations coming out of the ODPP's August 2012 report was that sections 35 and 46 of the Larceny Act should be added to the offences listed in the Second Schedule of POCA, so as to allow the court to impose the confiscation of the criminal property of persons convicted of violating sections 35 and 46 of the Larceny Act. In November 2012, the Minister made an Order amending the Second Schedule of POCA to include sections 35 and 46 of the Larceny Act, with the result that scammers who are convicted of Obtaining Money by False Pretences or Receiving Stolen Property may now have their criminal property confiscated by the court*

The intensified anti-scamming efforts have caused scammers to go underground. Many of them have migrated from the concentrated scam areas to other parts of the country.

### **The Private Sector in Jamaica**

In addition to the Government's anti-scam efforts, members of the financial sector including—Jamaica National Building Society (JNBS), JN Money Services (JNMS), Western Union, Money Gram, and the Jamaica Money Remitters Association (JMRA), as well as other stakeholders in the financial sector, have also made a concerted effort to target and eliminate the operation of Lottery Scams in Jamaica.

- In 2011 and 2012, they were instrumental in hosting lottery scam forums to brief stakeholders
- They have carried out training programmes for their respective employees, in particular, to detect scamming activities impacting their companies

### **International Support- Government of the United States of America**

The Government of the United States of America, through Immigrations and Customs Enforcement (ICE), International Narcotics and Law Enforcement (INL), the U.S. Department of Homeland Security (DHS), the U.S. Postal Inspection Service (USPIS) and the U.S. Department of Treasury's (DOT), has also been an instrumental partner in the GoJ's efforts to tackle lotto scam. Our anti-scam initiatives have been bolstered by the provision of funding, technical assistance, training opportunities, and equipment to strengthen our capacity to identify, arrest and prosecute scammers.

The Jamaican Operations Linked to Telemarketing (JOLT) Task Force was also formed in March 2009, by an agreement between the GoJ and the Government of the United States. The Task Force serves to identify, disrupt, and dismantle fraud operations which prey mainly on U.S. citizens, many of whom are senior citizens, and where possible, to recover and return lost assets.

The United States has also assisted with the establishment of various social programmes which include the '*No Witness, No Justice*' programme - a civic education campaign designed to familiarize Jamaican high school students with Jamaica's judicial system and processes. Another such initiative is the *Youth Ambassadors Programme*—a three-week exchange programme in which Jamaican high school students travel to the United States to receive leadership and conflict resolution training, and observe community projects that may be adapted and replicated upon their return to Jamaica<sup>2</sup>.

### **Initiatives Projected for 2013**

This year, the Ministry of National Security in concert with the Ministry of Justice, the security forces, our international partners in the United States of America, and relevant stakeholders in the private sector will spearhead an intensive and comprehensive drive to eliminate lottery scamming in Jamaica. These activities will include:

1. The enactment of the **Law Reform (Fraudulent) (Special Provisions) Bill** which will create lottery scam specific offences. This Bill is will be tabled in Parliament on March 5, 2013 and is expected to be passed by both Houses of Parliament before the end of March 2013.

The offences created under the new law are as follows:

- Obtaining property by false pretence, etc.

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<sup>2</sup> Details regarding programmes aided by the United States' Government to combat lottery scam can be found in Appendix I of this document.

- Using premises for purposes which constitute an offence under this Act.
  - Conducting a financial transaction involving the proceeds of some form of unlawful activity, etc.
  - Threatening or intimidating a person involved in a criminal investigation or trial of an offence.
  - Inviting a person to visit Jamaica by false pretence.
  - Making, repairing, buying, etc., thing for copying data from an "access device" or forging or falsifying an "access device".
  - Knowingly obtaining or possessing, transmitting, distributing, etc., identity information of a person
  - Offences relating to theft, forgery, etc., of "access device".
  - Conspiring, aiding, etc.
  - Restitution to victims in criminal trial (no need for separate civil suit for compensation).
2. Further strengthening the JOLT initiative to improve coordination of anti-scanning activities between police, Customs, Jamaica Post, US Postal Service (USPS), US Immigration and Custom Enforcement (ICE)
  3. Continuation of strategic, intelligence-driven major operations to intercept criminal activities, mainly through the Major Organized Crime and Anti-Corruption (MOCA) Task Force, but also with assistance from other units of the Jamaica Constabulary Force.
  4. The hosting of forums and educational activities by relevant stakeholders to sensitize the general public to the dangers of lotto scam.

Our intensified efforts to tackle lottery scam in 2013 have already began to yield notable success with the seizure of approximately US\$ 200,000 since the start of the year, the apprehension of suspects and the collection of statements from victims and 'money mules'<sup>3</sup>. A variety of electronics, jewellery and other valuables have also been confiscated.

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<sup>3</sup> Persons involved in the illegal trafficking of monies from victims to scammers. Monies collected by mules are sometimes held and sent through the remittance outlets in portions below the threshold to various individuals in Jamaica.

Jamaican law enforcement has received unprecedented support from the Government of the United States of America to curtail this problem and to ensure that the perpetrators are brought to justice. To this end, a significant amount of work is being done to identify victims in the United States and suspects in Jamaica as well as conspirators (money mules) in both countries, and several operations are being conducted to uplift and secure evidence to support prosecutions in the near future. In a bid to ensure operational security, a deliberate strategy has been employed to keep these operational developments out of the media.

### **A Structured Communication Programme**

The main strategies to be used in the implementation of this communication programme will include:

#### **Public Education Campaign**

1. The launch of a public education campaign in secondary schools, discouraging involvement in lotto scam, or any other fraudulent activity. This will be done in collaboration with the Ministries of Education and Youth and Culture and the private sector. Additionally, the Ministry recently launched another anti-lotto scam campaign, 'Scam is Over' as a follow-up to the broader 'Silence Brings Violence' campaign launched in October 2012. The ads are currently being run on local television and are intended to highlight to scammers that they will pay the penalties for engaging in this unscrupulous activity. Please visit our facebook page, [www.facebook.com/mns.gov.jm](http://www.facebook.com/mns.gov.jm), and follow us on Twitter @NatSecurityJA for the latest information on our campaigns as well as general updates on the Ministry's activities.

View some of our media campaigns to combat Lottery Scam on Youtube at the links below:

'The Scam is Over'- <http://www.youtube.com/watch?v=p6pngXdtAY8>

'Silence Brings Violence' - <http://www.youtube.com/watch?v=CSFTg5NxH-c>  
<http://www.youtube.com/watch?v=CSg924ohhIE>

#### **Meetings, Forums and Conferences**

- Meetings with Jamaicans in the Diaspora have taken place in the United States of America. In February 2013, Minister of National Security, Peter Bunting M.P., and Minister of Justice, Mark Golding, took part in Town Hall meetings with Jamaicans in New York and in the Washington D.C. area, at which Lottery Scam issues were

extensively discussed. In February, Ministers Bunting and Golding also spoke about Lottery Scam issues at a meeting with business leaders from Jamaica and the United States in Washington D.C., and made presentations on the Lottery Scam at a roundtable organized by the Inter-American Dialogue, a Washington-based think tank. Jamaican Commissioner of Police Owen Ellington and Director of Public Prosecutions Paula Llewellyn also took part in the meetings in the Washington D.C. area. In February 2013, Ministers Bunting and Golding, the Police Commissioner, the Director of Public Prosecutions, the Jamaican Ambassador to the United States and other representatives of the Jamaican Government also met with certain staff members of the Special Senate Committee on Aging of the United States Senate to discuss aspects of the Lottery Scam issue.

- A Third Lottery Scam Forum, to be held in 2013, hosted by private sector stakeholders.
- Presentations at the Jamaican Diaspora Conference, Montego Bay, *June 2013*

#### **Publicity**

- Regular briefings for members of local and international media houses
- Special Editorial Forums with Editors of *The Gleaner* and *The Jamaica Observer*
- Financial companies to mount scam advisories on their respective web sites

In addition, relevant print collateral material will be designed to be used in the information and advertising campaign as part of the overall awareness initiative.

#### ***Ministry of National Security***

**APPENDIX I**

**Below is a summary of support provided by the Caribbean Basin Security Initiative (CBSI) and administered by Embassy Kingston's International Narcotics and Law Enforcement (INL) Affairs section to combat Advanced Fee Fraud (AFF), commonly called "lottery scams" emanating from Jamaica or Jamaicans. All figures are in USD.**

**\$300,000 bilateral CBSI funds:** Support for the Major Organized Crime and Anti-Corruption Task Force (MOCA) the organization which has the AFF efforts within the Jamaica Constabulary Force (JCF) including the procurement of vehicles, ballistic vests, computers and office equipment.

**\$100,000 bilateral CBSI funds:** Funding for two U.S. Department of Homeland Security (DHS) Immigrations and Customs Enforcement (ICE) subject matter expert (SME) investigators/advisors who arrived in Jamaica on January 7, 2013 and who will remain for 3 months.

**\$2,500 bilateral CBSI funds:** INL Kingston funded participation by the MOCA and Financial Investigations Division (FID, a Division within Jamaica's Ministry of Finance and the Public Service) directors at the United States Postal Inspection Service (USPIS)-sponsored lottery scam workshop in Ft. Lauderdale, Florida on Dec. 11-12, 2012.

**\$300,000 bilateral CBSI funds:** INL Kingston is working with the Ministry of Justice in an important program to support AFF efforts, namely, implementation of a law passed in December to allow the use of live video testimony in the courts. This project will equip up to 9 courtrooms across Jamaica with the means to receive live video testimony, along with several "testimony rooms" separate from the courts from which witnesses can provide testimony in safety and without identification as their faces would be pixilated. This project will allow AFF victims to testify and be cross examined in Jamaica courtrooms without leaving the US. It will also allow vulnerable witnesses (children, rape victims and those witnessing violent crimes) to testify in safety and anonymity.

Consultants from the State Department visited Kingston in late December 2012 to meet with MOJ officials and technical staff, and analyze technical requirements. The consultants will provide recommendations for equipment and project specifications within 4 months. Ideally, implementation will occur later in 2013.

**\$1.1 million regional CBSI funds:** Support for placement of two investigators/advisors from the U.S. Department of Treasury's (DoT) Office of Technical Assistance (OTA) over the period of one year to assist Jamaica, Suriname, and Trinidad & Tobago in combating financial crimes, to include AFF. In Jamaica's case, the advisors will support MOCA and the FID in the seizure and forfeiture of assets from the criminal organizations, in particular AFF cases. These advisors will be working specifically on AFF cases with MOCA and the FID – not so much to prosecute the criminals for law violations, but to seize and return the assets. These advisers arrived in Kingston early January, and will return on a regular basis. [NOTE: The figure of \$1.1 million is for the entire project, of which Jamaica is a part.]

**\$2 million regional CBSI funds:** To support for placement of a full-time Resident Legal Advisor (or "RLA," from the Dept. of Justice Office of Prosecutorial Development, Assistance and Training or "OPDAT") over a period of two years to assist prosecutors (both in DPP and Clerks of the Resident Magistrate Courts) in the seizure and forfeiture of assets from criminal organizations, in particular AFF cases. The RLA will also work with the FID's legal department to help develop its capability in the prosecution of Proceeds of Crime Act (POCA) cases. The terms of reference document are still being developed with OPDAT, with placement planned for mid 2013.

**Below is a summary of support provided by the Embassy Kingston's U.S. Department of Homeland Security (DHS) Immigrations and Customs Enforcement (ICE) to combat AFF emanating from Jamaica or Jamaicans.**

In March 2009, ICE entered into an agreement with the Jamaica Constabulary Force (JCF) to create the Jamaican Operations Linked to Telemarketing (JOLT) task force to identify, disrupt, and dismantle these types of fraud operations that prey mainly on U.S. citizens, many of whom are senior citizens, and where possible, to recover and return lost assets. Project JOLT task force members also include the U.S. Department of Justice, the U.S. Federal Trade Commission, the U.S. Postal Inspection Service, and the FBI.

ICE is also working directly with the JCF's Major Organized Crime & Anti-Corruption (MOCA) Task Force in an effort to build the JCF's capacity to conduct financial investigations and to mitigate the proliferation of telemarketing fraud in Jamaica.

ICE has invested nearly \$1 million and dedicated more than 37,000 man hours to combat telemarketing fraud in Jamaica. This includes resources dedicated to staffing special agents in country to participate in active investigations, training and coalition building among task force

members and education and outreach in support of Project JOLT.

**Below is a summary of support provided by the U.S. Postal Inspection Service to combat AFF emanating from Jamaica or Jamaicans. All figures are in USD.**

\$32,000 in USPIS funds to support the U.S. Postal Inspectors in Jamaica and their work with other U.S. federal law enforcement agencies (ICE and FBI) and Jamaican authorities to identify and investigate AFF suspects operating in Jamaica. The work Postal Inspectors perform in country supports investigations led by Jamaican authorities or investigations carried out by postal inspectors assigned in the United States. The collaboration between US Postal Inspectors and Jamaican authorities is integral to conducting investigations that lead to the apprehension of criminals and the interruption of ongoing frauds directed at Americans. Postal Inspectors assigned in Jamaica work with the Jamaica Customs authorities to identify, intercept and recover incoming mail originating from U.S. victims within the United States. These mailings, primarily Express Mail envelopes, frequently contain cash and other financial instruments. Postal Inspectors assigned to Jamaica collect intelligence contained within these mailings to identify U.S. victims and make contact with them. Intelligence gained as a result of the Inspection Service's collaboration with the Embassy Kingston team has facilitated 18 domestic USPIS lottery fraud investigations to date. Most of these cases will be seeking extradition of the Jamaican-based suspects to the United States.

**Below is a summary of support provided by the U.S. Federal Bureau of Investigations (FBI) to combat AFF emanating from Jamaica or Jamaicans.**

The FBI Legal Attaché works with members of Embassy Kingston's law enforcement team, the U.S. Department of Justice (DOJ) Attorneys, assistant United States Attorneys, and the Jamaican authorities to disrupt, mitigate and investigate telemarketing fraud operations in the United States.

The FBI works closely with various governmental and private entities to investigate and prevent fraudulent activity. To optimize workforce needs, many FBI field offices operate task forces and working groups with other law enforcement and regulatory agencies. These agencies include the Securities and Exchange Commission, United States Attorney's Offices, United States Commodity Futures Trading Commission (CFTC), Financial Industry Regulatory Authority (FINRA), Federal Trade Commission (FTC), United States Postal Inspection Service (USPIS), and the Internal Revenue Service, among others, serving as force multipliers.

The FBI is part of the International Mass Marketing Fraud Working Group (IMMFWG), which consists of law enforcement, regulatory and consumer protection agencies from several nations. The IMMFWG seeks to facilitate a multinational exchange of information and

intelligence, the coordination of cross-border operations to detect, disrupt and apprehend mass-marketing fraud, and the enhancement of public awareness and public education measures concerning international mass-marketing fraud schemes, include those emanating from Jamaica.

**Below is a summary of support provided by the Caribbean Basin Security Initiative (CBSI) and administered by Embassy Kingston's Public Affairs Section (PAS) to combat AFF emanating from Jamaica or Jamaicans. All figures are in USD.**

PAS Kingston is responsible for the U.S. Mission's media/press relations, and educational and cultural affairs. The Public Affairs Officer is the Mission's official spokesperson, and responds to inquiries from Jamaican and U.S.-based press. AFF has received much media attention in the United States. Recognizing the concentration of AFF activity in the parish of St. James, PAS has launched two programs designed to engage youth who are most susceptible to recruitment into AFF activities, and familiarize youth with judicial processes.

**\$31,000 regional CBSI and Public Affairs funds** *No Witness, No Justice* is a civic education program designed to familiarize Jamaican high school students with the Jamaica's judicial system and judicial processes. The program utilizes mock trials with students playing the roles of judge, jurors, attorneys, prosecutors, and defendants. Many factors contribute to some Jamaicans' reticence to serve as witnesses or jurors. The teens better understand the judicial process by focusing on civic responsibility and playing the roles of engaged citizens.

PAS sponsored the participation of three students and one teacher from Cornwall High School and a member of the Ministry of Education's Civic Education team in a regional *No Witness, No Justice* training program in Bridgetown, Barbados in December, 2012. There, the students received train-the-trainer instruction, social media training, promotional materials and iPads which will allow the program to be implemented and expanded throughout western Jamaica. The subject of their mock trial training will be AFF, which is usually a non-violent crime and is considered a good "gateway" subject to introduce students to the judicial process. The Ministry of Education has embraced the project as a useful civic education tool, and plans to expand it in St. Andrew.

**\$48,000 regional CBSI funds** The Youth Ambassadors program is a three-week exchange program in which Jamaican high school students travel to the United States to receive leadership and conflict resolution training, and observe community projects that may be adapted and

replicated upon their return to Jamaica. In early February, 2013, nine students from five high schools throughout St. James parish, Jamaica, travelled with two of their teachers to Denver, Colorado and Washington, D.C. In Washington D.C., the Youth Ambassadors met with representatives of the U.S. State Department and with the Jamaican Ambassador to the United States of America, among other persons. In the meeting with the Jamaican Ambassador, the matter of the Lottery Scam was discussed. Upon their return to Jamaica, they plan to design and implement an awareness campaign targeted at their peers and focusing on the victims of AFF.

