# Department of Justice

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## FACT SHEET: OPERATION GLOBAL CON

**Operation Global Con Statistics**

| | *Arrests*: Total - 565 | *Searches*: Total - 447 |
|---|---|---|
| United States- | 139 | 116 |
| Canada- | 96 | 129 |
| Spain- | 310 | 176 |
| Netherlands- | 11 | 9 |
| Costa Rica- | 9 | 17 |

*Persons Convicted*:
United States- 61
Canada - 19

*Civil and Administrative Actions*:
Federal Trade Commission- 20
Postal Inspection Service - 2

*Number of U.S. Investigations*: 96

*Number of Victims in Investigations*: Approximately 2.8 million
*Victim Losses in Investigations*: Approximately $1 billion

**Types of Fraud Schemes Uncovered By Operation Global Con**

- *Sweepstakes Fraud*. In these types of schemes, the caller promises the prospective victim a substantial amount of money that supposedly is a major prize in a sweepstakes. Before the caller's organization sends the promised sweepstakes winnings, however, the caller demands that the victim send certain bogus "fees" or "taxes" on the winnings. In fact, after the victim sends the payments, no sweepstakes winnings are sent.

- In some sweepstakes fraud schemes, the criminal will claim to be with real or nonexistent companies or government agencies in an effort to enhance their credibility with prospective victims, and create forged documents using those company or agency names. Victims of mass-marketing fraud schemes often do not realize that the people calling them are located not in the United States, but in various foreign countries. Some of these fraudulent call-center operations in foreign countries will use barbed wire and other security measures to keep out unwanted visitors, including law enforcement authorities.

- *"419" Advance-Fee Fraud Schemes*. In these types of schemes, prospective victims typically receive emails, faxes, or letters that promise the recipients large amounts of money – for example, as funds from a large estate or as lottery winnings. These schemes often make use of counterfeit documents that purport to come from legitimate companies or government agencies. These schemes are known informally as "419" fraud schemes because the organizers of the schemes are often associated with West African criminal groups and the number "419" refers to section 419 of the Nigerian Criminal Code, which generally prohibits fraud.

- *Advance-Fee Loan or Credit-Card Schemes*. In these types of schemes, criminals identify individuals who have bad credit or other difficulties in obtaining loans or credit cards from legitimate financial institutions, either by placing advertisements to solicit people's calls to a telemarketing call center or by buying lists of people believed to have poor credit. Participants in the schemes then call the prospective victims and promise loans or credit cards, but demand an advance-fee payment – sometimes in amounts ranging from $99 to $400 or more – from the victims and then provide no loans or cards.

- *Investment Schemes*. In these types of schemes, criminals offer prospective investors investment opportunities that purport to have rates of return far higher than legitimate companies and financial institutions can offer. The investment opportunities are often described in highly complex terms. In fact, the criminals behind the schemes either do not pay any funds to investors or conduct a "Ponzi" scheme.

- *Business-Directory Schemes*. In these types of schemes, the criminals telephone legitimate businesses and falsely represent that they are with a legitimate company that publishes business directories. They typically deceive the legitimate businesses into believing that they are simply renewing or continuing supposedly preexisting listings in these directories, or are simply confirming a shipping address. In either case, the legitimate businesses are then charged fees for nonexistent directory listings.

- *"Phishing" Schemes.* In connection with other fraud schemes, some criminals engage in "phishing"- the use of emails and websites, designed to look like those of legitimate companies, financial institutions, or government agencies, to persuade people to disclose valuable personal data, such as their online usernames and passwords, bank and financial accounts numbers, and Social Security numbers.

## Types of Prosecutions Brought Under Operation Global Con

### *Sweepstakes Fraud*

- On May 16, 2006, in multiple locations throughout Costa Rica, agents of the Costa Rican Judicial Investigation Organization, Costa Rican prosecutors and judges, with support from U.S. Postal Inspectors and agents of the U.S. Bureau of Immigration and Customs

Enforcement, executed search warrants at 17 locations and arrested 9 individuals. These law-enforcement actions were in connection with a mass-marketing fraud scheme based in Costa Rica that was fraudulently offering sweepstakes winnings to U.S. residents. In many cases, participants in the scheme falsely represented themselves as employees of the U.S. Department of Commerce or misused the Commerce Department logo in documents sent to the victims.

- On May 6, 2006, a federal grand jury in the Central District of California indicted an individual on mail and wire fraud charges relating to his alleged operation of a Vancouver, British Columbia-based fraud scheme that involved offers of nonexistent foreign bonds and prizes of large amounts of money. According to the indictment, telemarketers working for the defendant's companies targeted prospective victims, mostly elderly, in the United States. The defendant allegedly caused victims to send to the fraudulent bond companies approximately $2.7 million.

***419 Advance-Fee Schemes***

- On Feb. 21, 2006, four individuals were arrested in Amsterdam in the Netherlands on federal charges relating to their alleged operation of a massive "advance-fee" scheme that targeted U.S. victims with promises of millions of dollars, including money from an estate and from a lottery. All four defendants, who were subsequently indicted by a federal grand jury in the Eastern District of New York, are being held for extradition to the United States. The victims allegedly lost more than $1.2 million.

***Advance-Fee Loan Schemes***

- On June 21, 2005, a federal grand jury in the Western District of New York filed an indictment against an individual on mail and wire fraud and other charges, alleging that he operated a scheme offering loans to people with credit problems. The indictment alleged that the individual employed people at companies in Toronto, Ontario to receive telephone calls from people who had seen advertisements that the defendant had placed in newspapers and other publications about the loan offers. Callers were told that they were approved for a loan, but had to pay a fee of approximately $400 to guarantee or process the loan or as an "associate membership fee" to facilitate the loan process. In fact, the defendant and his companies had no ability to provide the loans promised to callers. As a result of this scheme, the defendant and his companies allegedly received approximately $645,000 from victims.

***Investment Fraud***

- On Dec. 16, 2005, the U.S. District Court for the Central District of California sentenced a man to 20 years imprisonment and more than $145 million in restitution for his operating a massive investment-fraud scheme even after being ordered to stop by a federal judge. The scheme took in nearly $250 million from would-be investors and resulted in $145 million in losses.

- On Jan. 4, 2006, a federal grand jury in the District of Connecticut indicted a man on multiple fraud- and money laundering-related charges, stemming from his alleged operation of a Ponzi scheme through which he obtained money from more than 13,000 foreign investors and 10,000 U.S. investors. Losses in the scheme may exceed $6 million.

- On Feb. 9, 2006, an indictment was unsealed in the Southern District of Florida charging two men for their roles in a "boiler room" operation in South Florida that fraudulently induced investors throughout the United States and Europe to invest more than $3 million based on materially false statements and the concealment of material facts. The defendants, the CEO and vice president of a company called Discovery Capital, used the money they received from investors for their personal benefit, such as leasing luxury automobiles and the purchase of a $1,000,000 home, and to perpetuate their scheme.

**Other Kinds of Litigation Brought As Part of Operation Global Con**

The Federal Trade Commission and the Commodity Futures Trading Commission, under their respective regulatory authorities, have brought a number of civil actions against international mass-marketing fraud schemes as part of Operation Global Con. Here are some examples:

***Advance-Fee Credit-Card Schemes***

- On Sept. 26, 2005, in Miami, the FTC obtained a $13.9 million judgment against scammers who used boiler rooms in Venezuela and Guatemala to dupe Spanish-speaking Americans into paying an advance fee of $149-299 for credit cards which did not exist. These cards were extensively advertised on television as the “La Familia Gold Card” and “Pro Line Card.”

***Foreign Currency Trading Schemes***

- On June 29, 2005, the Commodity Futures Trading Commission (CFTC) obtained a preliminary injunction against five Florida foreign-currency firms and five individuals, on the basis that the defendants had defrauded customers they solicited to trade foreign-currency options contracts. According to the CFTC complaint, since October 2002 defendants had violated federal commodity antifraud laws by fraudulently soliciting customers by telephone throughout the United States, Canada, and the United Kingdom. More than 96 percent of customers allegedly lost money, and most customers lost all of their investments.

***Investment Schemes***

- On Oct. 27, 2005, the FTC filed a complaint against an individual who operated a Vancouver-based telemarketing enterprise, alleging that he and his operation targeted mostly elderly U.S. consumers in connection with offering nonexistent foreign bonds and supposed cash prizes. According to the FTC, telemarketers working for the defendant falsely promised consumers that after buying the bonds, they would be entered into monthly drawings and that they were very likely to receive substantial cash winnings or receive regular cash payments. Few, if any, consumers ever received such payments after buying the “bonds.”

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