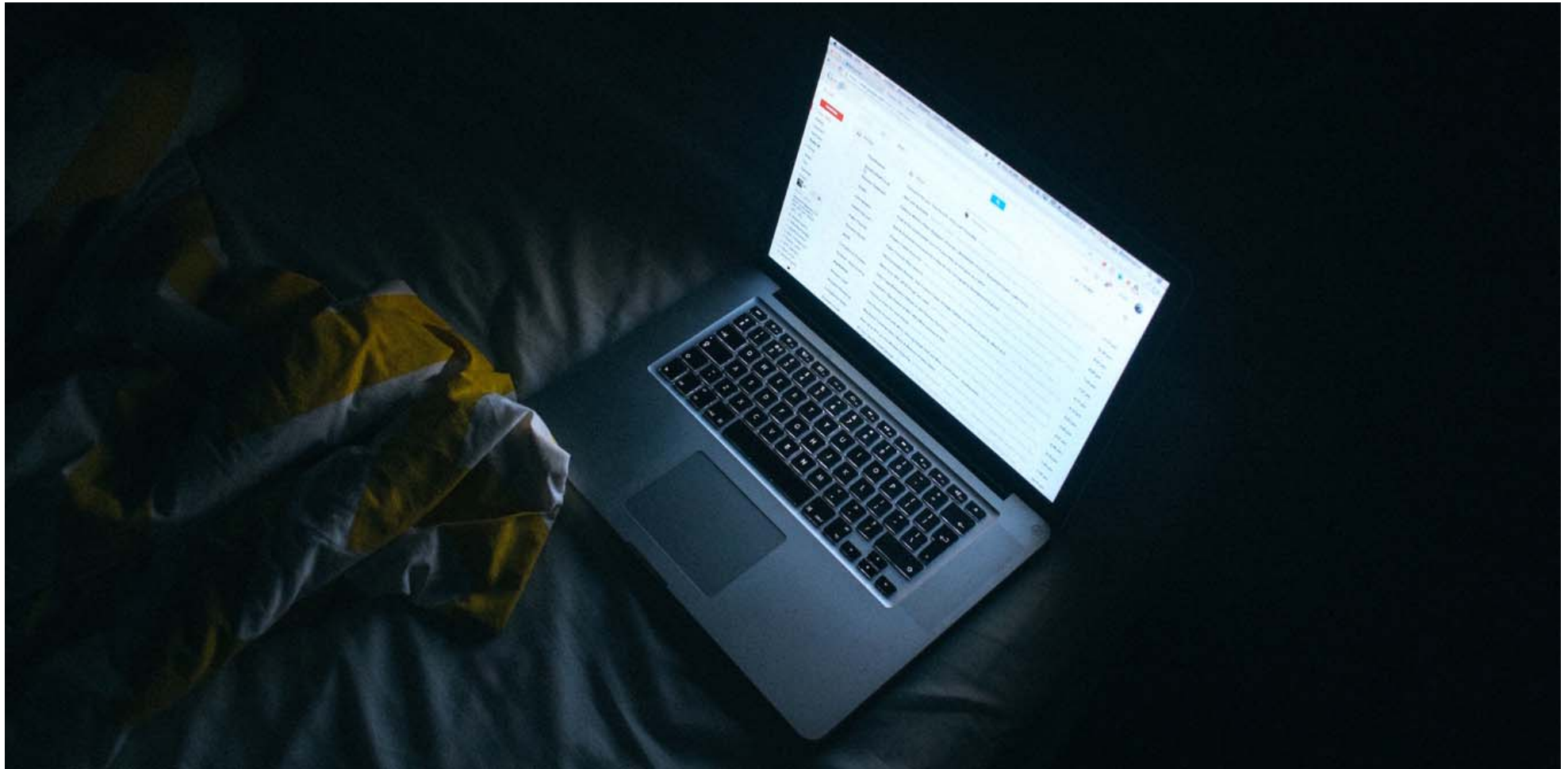


THE CONVERSATION

Academic rigor, journalistic flair



Why the victim can also become the offender in online fraud

April 12, 2016 4.09pm EDT

Online scammers use a number of tricks to recruit victims. Unsplash/Jay Wennington

It's bad enough when someone loses money to an online scam, but in some cases the victim can also recruit others into the scam causing even further heartache and loss.

That's what happened in the case of 65-year-old Western Australian Peter Kleinig, the victim of an online investment fraud, who has sent millions of dollars to Ghana and Togo since 2007.

Despite continued intervention from WA Police and the WA Department of Commerce advising him that he was involved in fraud, and nine arrests by the Ghanaian police in relation to the case, Kleinig refuses to believe it's a scam. Instead, he has recruited others, who have also lost millions to the scheme.

The WA Department of Commerce last week took legal action to stop Kleinig from taking other people's money and sending it to West African criminals pretending to run an investment scheme.

Kleinig is not the first person to deny he is a victim of online fraud. He is also not the first person to turn to offending in an effort to maintain involvement.

Unfortunately, there are many other examples where the line between victim and offender has blurred.

Recruiting other victims

It is not uncommon for fraud victims to ignore advice and information given to them about their participation in suspected fraud. This stems from the high levels of trust and rapport established between victims and offenders, where the offender has used an array of tricks to manipulate the victim into complying with financial requests.

News reports say that, in 2015, Kleinig used a newspaper advertisement to find others who were

Author



Cassandra Cross

Senior Lecturer in Criminology,
Queensland University of Technology

willing to contribute.

A similar situation unfolded in Queensland where Malcolm and Suzanne Maiden lost more than A\$2 million through a fraudulent oil investment opportunity.

First contacted in 2001, the couple began to involve their friends and colleagues in the fraud, despite several visits by the Queensland Police Service and even one from an official with the Nigerian Economic and Financial Crimes Commission.

The couple were eventually charged with fraud offences in 2009, found guilty, and, in 2011, Malcolm was jailed for four years (suspended after 12 months). Suzanne was released on a suspended jail sentence.

Money laundering

There are other scenarios where fraud victims are specifically manipulated to commit offences.

Fraud victims are frequently asked to process transactions through their personal bank accounts. They will receive funds and are asked to transfer these out to other accounts as directed by their offender, with or without receiving a percentage of the amount.

Victims may be suspicious of these requests and transactions, but many are persuaded to continue. Again, this is despite intervention and warnings by authorities.

Earlier this year, West Australian romance fraud victim Edwena Doore was jailed for five months, after being convicted of laundering A\$700,000. This was in addition to the A\$700,000 of her own money that she lost during her relationship with the offender.

Her story is far too common. Widowed in 2006, Doore joined an online dating website in 2011. Through the website she met a man called “Kenneth Bruce” and over the next few years, lost all of her money.

She cut off contact for a period in 2013 after police advice that she was being defrauded, but the relationship was re-established some time later. This led to her laundering funds stolen from a NSW couple, who had their bank accounts hacked.

In similar circumstances, fellow West Australian Russell Loach was sentenced to four months jail in March this year, for money laundering but was released on a good behaviour bond.

Also a victim of online romance fraud, Loach sent more than A\$100,000 in stolen funds to bank accounts in Nigeria. This was in response to a claim that his “partner” had been kidnapped and he was required to perform the transfers to secure her release.

Drug mules

There are also numerous examples of online fraud victims who unwittingly become drug mules. In these situations, victims are asked to travel overseas to meet with their “partner” or “contact” (whether it be an investment or romance fraud scheme).

In the process, they are asked to transport or deliver a package. Unfortunately, these packages may contain large quantities of drugs and the victim is arrested and prosecuted for drug offences.

To further exacerbate the seriousness of this issue, many are caught in countries that have harsh drug sentencing options, which can include the death penalty.

New Zealand woman Sharon Armstrong was sentenced to almost five years jail in Argentina, after being convicted of smuggling over five kilograms of cocaine.

Armstrong was an online romance fraud victim, who was travelling to London to meet her “partner” and was asked to stop via Argentina to pick up a contract for him. But the bag containing the “contract” contained three packages of cocaine under its lining.

Armstrong’s case is by no means unique.

Sydney woman Maria Exposoto is currently awaiting sentencing in Malaysia and could face the death penalty for carrying 1.5kg of methamphetamines (ice).

Gold Coast man John Warwick died in a Chinese prison awaiting sentencing over carrying almost two kilograms of ice in a DVD player.

New Zealand man Antony de Malmanche was sentenced to 15 years prison in Indonesia for carrying 1.7kg of crystal methamphetamine.

This is a global problem affecting victims in the USA and Canada as well.

The frequency of online romance fraud victims being caught up in drug activity, has led Armstrong and others to establish an organisation, stopMULEvictims, aimed at stopping the exploitation of people through cybercrime and internet-based scams. This organisation seeks to provide assistance to people in these situations.

A solution?

These examples provide evidence of the challenges and problematic nature of online fraud victimisation.

For many victims, it is not just the financial losses they must deal with, but the additional trauma of offending behaviour, whether through their own deliberate actions or through their trust in their offender(s).

It also highlights the complexity of online fraud and the strength of ties between victims and offenders once a relationship – romantic or otherwise – is established.

Kleinig's case shows authorities will intervene if necessary to prevent the victimisation of others. But enforcement action is not the ideal solution for anyone. Overall, the case demonstrates the need for prevention.

Once the victim is being manipulated and coerced by their offender(s) into sending their own money, the money of others, or doing favours for them, it is often too late to act.

The challenge lies in creating targeted prevention efforts that speak to the vulnerabilities of victims and somehow stop them from being involved in the first place.



Fraud

Scams

Cybercrime

Online fraud