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PROXIMAL CONSULTING WHITE PAPER 13 NIGERIAN & WEST AFRICAN FRAUD

- FRAUDS EMANATING FROM NIGERIA OR NIGERIANS BASED ABROAD ARE RAMPANT - AND INNOCENT VICTIMS STILL FALL FOR THE PROMISED RETURNS
- NEVER REPLY TO A 419 LETTER - BECAUSE EVEN GIVING YOUR NAME, ADDRESS AND SIGNATURE GIVES THE FRAUDSTER YOUR INFORMATION WHICH HE CAN THEN USE ILLEGALLY
- IF YOU EVER PAY MONEY OVER NEVER EXPECT TO GET IT BACK
- UNDER NO CIRCUMSTANCES VISIT NIGERIA AND/OR MEET WITH THE PEOPLE INVOLVED - HOWEVER TEMPTING THEIR OFFER LOOKS, OR HOWEVER MUCH YOU'VE LOST

RECOGNIZE THAT NIGERIANS ARE INVOLVED IN MOST OTHER TYPES OF FRAUD AS WELL AS THE 419 LETTERS - BE AWARE AND DEFEND YOURSELF

"It's a story of greed and deception - my greed, their deception" A US based victim of Nigerian frauds.

"The Nigerian advance fraud scheme plays on people's dreams and hopes of making the big score." Arnette Heintz, US Secret Service spokesman.

There are very few certainties in life, but one of them must surely be that wherever fraud is being committed, the Nigerians will be somewhere near the front of the queue. As one commentator observed "If there was a world cup for fraud, the Nigerians would win it every time." Let's also get this straight from the start - the use of the term "Nigerian" is in no way a racial slur - merely a descriptive term. If you prefer it, and it is probably more accurate now anyway, West Africa could be substituted. It is more accurate because the Nigerian fraud strain has spread out to neighbouring countries. The Nigerian fraudsters have cornered the market in long distance advance fee fraud with the infamous letters. However my experience confirms that this is merely one strand of their prodigious talents. Nigerian/West African gangs are involved in:

- Banking fraud - particularly multiple fraudulent account applications which are made (literally) by the lorry load for savings accounts, personal loans, current accounts, credit cards and home loans (and any other product or service which is offered)
- The fraudulent negotiation of stolen cheques

- The kiting of worthless cheques - where a fraudulent bank account is opened with the minimum amount required and a worthless cheque is credited from another fraudulent account. The fraudsters then try and beat the system by withdrawing against it before the cheque is returned unpaid (yes it is possible - as many banks treat cheques as cleared before they actually are)
- Housing and state benefit fraud - by using multiple identities, numerous addresses and forged documents. In 1994 the UK courts convicted 11 Nigerians as a result of one police operation - several of those convicted were related to senior Nigerian establishment figures. They had made more than 2,700 false benefit claims using over 2,000 different aliases
- Shipping fraud using forged bills of lading - the victim is offered a cargo at a discount validated by cargo documents
- The 419 fraud - which is essentially the Nigerian letters. 419 is the section of the Nigerian penal code which deals with fraud

ARE NIGERIANS THE MOST ORGANIZED CRIME GROUP OF ALL?

In every western country I visit the story is the same: severe concern about Nigerian based crime. For too long the Nigerians have been laughed off, based on their seemingly primitive 419 letters. There is a convincing argument that the Nigerians are the most organized crime group of all. Certainly the British intelligence and Security services MI5 / MI6 think so - as from early 1998 they have joined the fight against West African Fraud. The US secret service receive approximately 100 calls per day from victims or potential victims of Nigerian letters and 300 pieces of related correspondence daily. In April 1998 the US Secret Service confirmed that the Nigerian Letters are costing US citizens more than \$100 million each year - and one case alone had netted the fraudsters \$20 million. It is estimated that for each 100 letters sent one recipient responds and another sends money - typically thousands of pounds. The relevant UK police squad collected 150,000 Nigerian advance fee letters in the first four months of 1998 - estimating that more than a million must be sent on a global basis each year. In 1997 a United Kingdom police intelligence report suggested that the Nigerians are responsible for frauds totalling £3.5 billion each year (that is half of the UK's estimated fraud loss total). Even more staggering is the estimate of a western diplomat that Nigerians defrauded foreigners of more than \$1 billion in 1992 - making fraud Nigeria's second largest export after oil! In 1998 the US postal service took two million 419 letters - all seized on their inward journey at JFK Airport- and deposited them in a landfill site. It is also certain that many victims do not report their losses due to fear or embarrassment.

To trace the origins of this problem, the best place to start is Nigeria itself, which has recently been awarded the honour of being nominated as one of the most corrupt nations in the world in a survey commissioned by Transparency International. The country is one of the most crime ridden countries in Africa - suffering from the tail end of the oil boom which benefited only 10% of the population. The mail service is so lousy and crime ridden that the best advice is never mail anything, use fax or courier instead. The state telecommunications company is in a shambolic shape: charge card fraud and the theft of phone cables is rampant (In what must be a first in July of 1995 thieves stole the entire supply of new phone cables about to be laid down in the city of Jos).

Nigeria has the largest number of dummy corporations on the African continent; the largest number of business scams and as a result of those probably the largest number of fictitious government offices & officials anywhere on this planet. Even the real government aren't any better - at the tail end of 1998 two former cabinet ministers and a family member of the deceased dictator General

Abacha were accused of defrauding the country to the tune of \$2 billion. This revolved around buying and reselling debt payments in a Russian built steel plant. In autumn of 1995 the Central Bank had to take control of 17 domestic banks because criminal staff had literally rendered them inoperable stealing not only funds but also records, furniture, fittings and computers. Reliable estimates suggest that of the 30 - 50,000 Nigerians in the US between 75 and 90% of them participate in some form of fraudulent activity.

Out of this backdrop - and from neighbouring Ghana - come the famous letters. There are no figures for how many of these letters have been sent but it must now be millions. The problem has become so serious that in September 1997 the Central Bank of Nigeria published the latest series of warnings in newspapers across the world. This is reprinted in its entirety as it is the strangest document I have ever seen to originate from a Central Bank.

YOU HAVE BEEN WARNED SEVERAL TIMES BEFORE! YOU HAVE BEEN WARNED AGAIN!! -Central Bank of Nigeria advertisement in September 1997 "warning" against 419 frauds.

The names and addresses of recipients are taken from business directories which are widely sold in the open air market in Lagos. The writer usually claims to be a senior civil servant (The Nigerian Petroleum Corporation being the favourite employer) and leaves no doubt that the offer is to transfer stolen money. The letters all share various key factors:

- There is a sense of secrecy and urgency
- The recipient is enticed to travel to Nigeria or a bordering country
- All communication is dealt with by fax or letter
- Various key details are requested from the recipient - blank letterheads, invoices, bank account details
- There are normally claims of strong ties to Nigerian officials or the senders are high ranking officials themselves

However this area is fascinating for a number of reasons, primarily because of the gullibility of recipients and the vast amounts of money handed over. What is all too frequently forgotten is that if one of these letters arrived on your doorstep out of the blue and you were, how shall I put this, naive then perhaps your common sense would desert you when faced with the seeming promise of untold riches. Or then again, maybe not....

In May 1997 it was reported in Nigeria that there were about 604,000 telephone lines of which only about 400,000 were connected with less than that in good condition. The US Secret Service Task Force dealing with West African Fraud has compiled a database of telephone numbers used for 419 frauds - which has more than 50,000 numbers of it. The 419 coalition website therefore concludes that 1 in 8 lines in Nigeria is being used for 419 fraud attempts: I would be slightly pedantic and say that the Secret Service database probably includes numbers outside Nigeria but even allowing for this caveat the percentage is horrifying.

A new variation is the letter which I received recently from Chief Rufus Edo, who writes:

"I came across your particulars through a business journal. I will be obliged to have an eventful and worthy business deal with you. So far, I have in my possession one hundred and fifty million genuine US dollars physical cash and not fake. Of course, the dollars were intentionally stained to avoid spendable by any

sighted hawk or interception group or person before getting to me in Lagos Nigeria. The source is not questionable and there is no legal infringement whatsoever, more so, I have the ready source of the chemical to clean the stained dollars from USA which has been my initial problem.

All I require you to do is assist me in procuring this cleaning chemical. I need your good advice on a remunerative venture in your country which I will like to invest some of this money. Note, 40% accrues to you as a remuneration in obtaining this chemical".

One would think that no one would be taken in by these clumsy attempts at fraud.....

- In two cases investigated in the United Kingdom one bank account was discovered through which \$27 million had flowed within 18 months. In the second case five people were convicted for their roles in robbing 400 victims in 60 countries of more than £15 million
- The biggest loser known so far is a Lebanese who parted with \$7 million. It has also been reported that a British company lost £6 million.
- An American handed over \$4 million - \$2.5 million after he was warned it was a fraud
- Another victim handed over £20,000 when he was called at 2am and told that the man with the plan was in jail and needed to bribe the guards to escape
- During 1995 the UK Serious Fraud Office received 18,000 complaints about these letters: one victim lost £1.5 million

There are essentially three paths these scams take:

- Firstly if the recipient supplies their bank account number and signature, there exists a very good chance that the account will be completely emptied by the criminals . This has happened in numerous cases
- A slightly cleverer variation is where victims who respond to the letters are relieved of a \$3000 consultancy fee. Then the victim is told there is an unexpected problem and enticed to a meeting in London or New York, for example, where they are told that a tax or bribe is required to ensure the money leaves Nigeria - in one case this was £250,000
- The victims of the discoloured bank notes letter are ultimately shown a block of blackened paper taken from a trunk full of money. One note off the top is removed and after being treated is revealed as a genuine \$100 dollar bill. The victim then hands over up to \$100,000 to buy special chemicals to clean the rest of the trunk of \$20 million. Naturally the trunk itself contains not money but scrap paper

Those who travel to Lagos or elsewhere in Nigeria to get their money back can risk more than their lost investment. The partly burnt body of an American victim was dumped outside his hotel. UK businessman Patrick Hillman was rescued from kidnappers in 1992. In June 1995 an American was murdered in Lagos whilst pursuing those responsible for a 419 scam. Many other foreign nationals who have done the same are still reported as missing. One perverse twist is that victims are persuaded to travel to Nigeria to complete the deal - and told that a visa is not necessary (which it is). The criminals bribe immigration officials to let the victim in: but it is a serious offence to enter the country without a valid visa, thus the criminals have substantial leverage over the victim to release funds. But please don't rely on any assistance from the Nigerian Government as it is alleged

that they know exactly who is committing these frauds but smile on them quite benignly as it is a very good source of foreign exchange. As the Nigerian 419 Coalition website states:

"The Government of Nigeria has laws and decrees on the books against 419 and money laundering. While it is true that the enforcement of these laws is abominable, what that means is that any foreigner who goes to Nigeria in relation to a 419 operation is subject to arrest by the authorities at any time at their whim.

Once arrested, there is very little that the foreigner's government can do for him. The Nigerian Government views many 419 victims as co-conspirators in an effort to defraud the Nigerian Government and when a foreigner is arrested in Nigeria it is Nigerian law which applies in the case.

And, quite frankly, we hear that Nigerian jails suck, so don't get yourself thrown into one. Discretion is by far the better part of valor in that regard".

Even charities are not immune from these people: in 1995 one group of Nigerians attempted to defraud Christian Aid in the United Kingdom. The charity received a fax from a firm of solicitors confirming that they were acting for the estate of a recently deceased person who had left Christian Aid a large amount. The "solicitors" requested the charity's bank account details. When this attempt failed they then got back saying that the money was ready but could the charity pay £7,500 in tax owed. One of the factors which alerted the potential victims to the scam was that the "lawyers" seemed to deal with everything very quickly (which was unusual for a law firm!).

THE REAL SCALE OF NIGERIAN FRAUDULENT ACTIVITY

However the letters are just the tip of the iceberg:

- In 1996 32 people were arrested across the world suspected of engineering a Nigerian fraud involving American Express Cards. It is alleged that two employees were tapping into Amex computer records and providing accomplices with confidential customer information. Counterfeit credit cards were then manufactured - the reported loss is \$2 million. Arrests were made in London, several American cities and Montreal. This type of fraudulent activity has been repeated in various other cases where arrests have been made - and of course the hundreds (if not thousands) of other instances which have not yet been discovered (and perhaps never will be)
- The Nigerians use fraudulent letters of credit which are purportedly issued by well known global banks. These are then used to defraud suppliers across the world. In these cases, fraudsters claim that payment for goods will be met by letters of credit and request the goods be sent by air freight. Often suppliers, even though they have no knowledge of their business partners, send goods without checking the authenticity of the letter of credit for fear of losing the order. The end result is that they have not only lost the goods, but also the air freight
- The negotiation of stolen cheques verges on the comical. One target area in the United Kingdom is cheques sent by innocent law abiding tax payers to the Inland Revenue tax service. The cheque is stolen and an account opened to facilitate its negotiation. Of course, you cannot open an account in the name of the Inland Revenue - so the cheques are "subtly" altered - to "Finland Brevenue", "Intanji Rejemi" and such like. Another variation I saw was a cheque made payable to Barclaycard which had been stolen - the account name used? Mr Banlraycod !! (It should be noted that some confidential but official figures were produced by the UK Police in 1998 which suggested that

Nigerians at their peak were stealing between 30 - 40 Inland Revenue cheques per month. This is a vast understatement as a financial institution in the UK I have very good knowledge of were in the eighties and early nineties dealing with more than this number just through their own accounts each month)

The really serious and alarming facet of the Nigerian operations is that they are, contrary to popular belief, highly organized on a global scale. They operate a complicated cell structure - like that utilized by terrorist organizations such as the IRA. It is now accepted as fact rather than apocryphal that there are professional fraud schools operating in both Lagos and major western cities which train new recruits. These schools also issue a manual showing how to commit fraud - one example of which I have seen in the past. At the basis of any of the Nigerian fraud is the ability to acquire false identities. This is normally achieved through false birth certificates (either forged documents or real documents obtained using the Day of the Jackal principle of applying for a birth certificate of a dead person).

"All ID starts with a birth certificate: with this document you can obtain all the other forms of official ID. Follow the below listed instructions exactly...remember, these have been tried and they work." - Nigerian Fraud Manual

Even more worrying is the fact that the Nigerians deliberately and actively infiltrate organizations by placing their own people inside as employees. This enables them to acquire inside information from banks, local authorities, benefit agencies and anywhere else where money can be obtained through fraud. This is no imaginary scare story - this is actually happening. Within each cell members are allocated specific duties:

- The insider or facilitator who obtains inside information as to how the system works - and how to get round it. One particular problem of insiders is in the postal service. In London there have been massive problems with Nigerians working in postal sorting offices and stealing envelopes they have identified as containing cheques. This problem was resolved by introducing physical searches of staff, issuing a uniform without pockets and banning personal items such as handbags on the shop floor. But the Nigerians are nothing if not resourceful: if they couldn't steal post why not make use of the postal service itself - so they have a handy supply of self adhesive address labels showing an address they control. When they find an interesting piece of post, they simply attach a label to cover the genuine destination address and let the postal service do the rest by delivering the letter to them at their safe postal location!
- One member works as a cleaner (particularly a contract cleaner who may visit numerous different offices every evening) or security guard. This person goes through desks, rubbish, filing cabinets - any where which could yield material for fraud. This could be cheque books left lying around, information which could be used to obtain a false identity, letter headed paper....
- A counterfeiter to produce false documents
- A recruiter to ensure that the cell grows
- A housing officer to manage and control the numerous accommodation addresses which are required (It is not unusual for a cell to be using 500 false addresses at any one time)

From my practical experience financial institutions are over run with false account applications and have for many years been recording the false addresses and names used to check them against subsequent new account applications to stop future frauds. These name and address "blacklists" (which is in this context an

unfortunate term) contain thousands of names and addresses - and the list grows daily. It is not unusual for a large financial institution to close (or refuse to open) 500 new accounts per month because they have been identified as Nigerian based fraud attempts. As that figure just relates to one financial institution - multiply it across the world and you have some approximation of the scale of this problem.

Operation Dynasty run by the London City Police discovered a 13 strong gang operating in the capital who had stolen £1 million worth of cheques - and in the month after the gang was stopped cheque fraud in the square mile dropped by £10,000. The fraud was investigated after hundreds of city firms complained that cheques - mostly made payable to the Inland Revenue - were being stolen from the postal system. The police discovered a crucial lead in a false bank account which lead them to a two bed roomed flat in a London suburb, Dollis Hill where the ringleader, a 31 year old amateur weightlifter Olufemi Oyinola had hidden over 250 stolen cheques - in his Porsche, behind pictures and in the airing cupboard!

Oyinola was behind the fraud - recruiting students from London colleges who stole cheques and got them to him. Oyinola then used typewriters and felt tip pens to alter the cheques - mainly the payee (come on down Intanji Rejemi and suchlike) - which were then negotiated through false bank accounts which had been opened by gang members across London. When this case was reported in the London Evening Standard (July 1997) the UK Royal Mail was reported as stating that their "security systems could detect fraud" - unfortunately the evidence and my practical experience says otherwise.

"I am going to make an observation which other judges cannot make because they might be accused of being racist. This sort of offence is being committed by well educated Nigerians. How on earth did you feel you could have got away with it? The mistake you made, and which others have made, is that you think you are more clever than others. You thought you could pull the wool over people's eyes" -British Judge Leonard Woodley QC, who was born in Trinidad at Southwark Crown Court in July 1997 when convicting three Nigerians for a stained dollar bank note fraud.

The quote above is from a case tried in the UK where a US attorney, Lesley Turner from Harbor Springs, Michigan was taken in by the stained dollar routine covered earlier on this chapter. He had handed over almost £17,000 - in the expectation that he would make a huge profit from the deal. The three Nigerians behind the scam were convicted for a total of nine years - the judge revealing that the ringleader, 41 year old Ibrahim Dumuje was a well known businessman in Nigeria who had been earning more than £100,000 per year - he was a Director of a travel company and harboured political aspirations in Nigeria. Another of those convicted, 38 year old Victor Adim had a degree from Middlesex University and an MA in business administration!

Just to complicate the situation it was reported in 1997 that a team from the United Kingdom Metropolitan Police Organized Crime Group were in Nigeria investigating widespread corruption within the Visa section of the British High Commission in Lagos. The Foreign office recalled at least four staff: the allegations were simple - visas were being sold for large sums of money to Nigerian Nationals (bear in mind that many of the Nigerian con men operating in western countries are illegal immigrants and risk deportation - which in practice is not as bad as it sounds because they merely re-enter using a different identity).

Now perhaps you can see why I consider the Nigerians to be perhaps the most organized crime group of all - operating straight on our doorsteps, in our offices, as our employees.

WHAT YOU CAN DO TO PREVENT LOSING MONEY - AND FACE

- There are some very simple rules which if followed will avoid any loss of any kind. To put it quite bluntly, these are pure common sense:
- Any offer that looks too good to be true, is. In the case of the 419 letters there is no exception to this rule
- You will never get anything for nothing - so don't let anyone (however plausible) persuade you otherwise
- Caveat Emptor - let the buyers and anyone else who has to put money in beware
- Never reply to the letters - even to say no. By doing this you provide the fraudsters with your signature
- Never pay anything upfront to anybody for any reason
- Never give extended credit for any reason - however believable (or far fetched)
- Never supply goods until the payment is received and then cleared
- Never agree to meet with the people sending you letters
- Never expect any help from the Nigerian government
- Never travel to Nigeria (or nearby countries)- either to pursue a tempting offer or the people who have ripped you off
- Report any losses to the relevant authorities
- Unless you are almost uniquely fortunate never expect to recover any money you have lost

There are some very good Internet sites which give up to date and background information on these frauds together with list of names / addresses which have been used by fraudsters:<http://home.rica.net/alphae/419coal/> for example. This is the excellent website of the 419 Coalition ("We Fight the Nigerian Scam") which contains very good background information, latest news and links to related websites. But one word of warning on other websites: I am sure that the Nigerians are operating on the Internet so apply the guidelines listed above when dealing with any individuals or companies you don't know! In fact our West African friends have decided to utilize technology to stay ahead of the game. The 419 letters are now arriving by e-mail as well as post. Needless to say the same principals and guidelines apply as to what to do when you receive one of these.

Originally written on 2000 and updated in 2003 – but probably as true today as it was then!