

Boiler Room Frauds

JFIU continues to note the use of bank accounts for the collection and disbursement of boiler room fraud activities. Common scenarios predominantly involve accounts of overseas incorporated companies and non-residents personal accounts, being used to disburse the proceeds of fraud operations in other jurisdictions. These structures usually have minimal paid-up capital and have registered addresses with corporate formation agents or virtual offices. Incoming payments are received from private individuals in geographically diverse areas. These funds are then consolidated before being transferred out in larger amounts to the accounts of private individuals in Thailand, the Philippines and other South East Asian jurisdictions.

The vigilance of the banks in detecting and promptly reporting of these activities is greatly appreciated and is assisting in the international effort to curb this type of activity. However, given the multi-jurisdictional nature of this activity it is particularly difficult to combat. Frequently the disbursement accounts set-up by these syndicates lie dormant or are the subject of a few innocuous transactions before being used over a very short period of time to receive and disburse the proceeds of their activities, often the accounts have already been cleared of the majority of the proceeds before reports start to be received from victims and the Police can take action to stem the flow. The co-operation of the banks is therefore vital in combating this type of activity.