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How financial fraudsters act

Six schemes – one principle



In search of additional earnings on the Internet, trusting citizens fall for the tricks of financial fraudsters. Currently, financial fraud schemes based on the principle of small and repeated contributions for some services are common. For small contributions, fraudsters offer high rewards, and the more often contributions are made, the higher the reward rate. Maksat Shagdarov, the Head of the Financial Market Abuse Department of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan, told Kapital.kz correspondent in more detail about such fraud schemes.

"There are six main ways of extorting money from the population with the same principle of work, built on deception," says our interlocutor.

The first method is repayment of loans or other obligations

This scheme is used by fraudsters if a person has loans or other obligations to legal entities and individuals. Fraudsters offer the borrower to resolve the issue or make a commitment to pay for the loan. For this, the borrower must pay part of the loan amount (from 10 to 40%). For example, if the borrower has a loan debt in the amount of KZT 300 thous., then paying KZT 50 thous. to these persons who offered to "solve the issue", he allegedly repays the entire loan amount. In fact, the fraudsters ask for additional money, allegedly necessary for further resolution of

the issue. As a result, the client's loan is not repaid, which, in turn, entails additional costs (fines, penalties, etc.)

The second way is to earn money on bets

The intent of the scheme is as follows: they contact an individual and promise to earn large amounts of money on bets in bookmakers in a short time (from several hours to several days). After making a contribution of a certain amount, the participant is informed that his bet has been won and a commission must be paid for payment, after the commission is paid, additional amounts are paid, etc. As a result, the participant pays about half of the amount promised by fraudsters, after which the latter disappear.

Maksat Shagdarov described the principle of betting: "Small risk - low reward, high risk – high reward. There is also a bookmaker's commission. For example, if a bet has 2 outcomes (50/50), then on average the participant receives 85% of the bet amount when winning, while on a loss he loses all 100% of the bet amount. At the same time, 15% of the winnings is held by fraudsters as a commission. A person is simply "lured" by high rates, but the money that he deposited is not returned to him, especially with interest," Maksat Shagdarov says.

The third way is to buy a car abroad at a lower market price

The process is as follows: individuals or companies offer a person to buy a car abroad, for example, at 20-30% cheaper than on the market (taking into account customs duties and other costs). There are well-founded reasons for the cost of cars below the market: cars are subject to liquidation or put up for auction. The citizen is informed that it is only necessary to pay an initial payment of 30% of the car price, and after its delivery, he will have to pay the remaining 70%.

But in reality, this company or individuals, after receiving 30%, contact the client in a few weeks and ask to transfer an additional amount of money for expenses (approximately 20%), then within 1-4 weeks they request the amount of money for customs expenses, etc. During this time, the fraudsters transfer money to foreign accounts and disappear.

The fourth way is to buy equipment (gadgets) abroad

This scheme is very similar to the previous one. There are cases when, after a new iPhone model appearing, fraudsters offer citizens the opportunity to purchase an unlimited number of smartphones in the United States at a lower price and send them by mail or otherwise. Thus, fraudsters first ask for \$100 for a smartphone as

an advance transfer to a bank card, then they demand a transfer of \$100 to another card, explaining that there are problems with transfers. Then, the fraudsters report the need for an additional payment of \$200 for each smartphone, otherwise, according to them, they will not be delivered, after that fraudsters disappear.

"The purchase of equipment abroad at a lower cost is possible, but one person is allowed to purchase for personal use no more than two units, the purchase of one type of product in the amount of more than two units is regarded as entrepreneurial activity," Maksat Shagdarov comments.

The fifth method is an assistance in providing registration of documents

The scheme is implemented as follows: for credibility, fraudsters under the guise of employees of certain state organizations offer services for "acceleration", "promotion", "registration" of documents. The initial payment (advance payment) is from 20 to 50% of the agreed amount of remuneration. Then, as in the previous examples, fraudsters report problems with the "registration" and say that they need to pay extra to solve them, or that they need to pay extra for services (for example, mandatory payments to the budget), and therefore the client needs to send money urgently. As a result, the client does not receive the necessary service.

The sixth method is to help in recovering lost money

The scheme is implemented at a time when the person has already become a "victim of fraud" and has suffered material losses as a result of:

- losing money on bets;
- losing money on binary options;
- losses of funds invested in investment projects;
- the collapse of the financial scheme, etc.

After a certain period of time, fraudsters contact the client, offering to help them recover the lost funds for a certain commission. As a result, the client suffers additional losses in the hope of returning the funds.

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At the same time, it should be noted that the Agency conducts large-scale awareness-raising work to improve the financial literacy of the population on the specialized portal www.fingramota.kz, which contains materials on ways to counter financial fraud, on the characteristic features of illegal activities in the financial market. We urge citizens to be vigilant and not fall for the tricks of fraudsters," Maksat Shagdarov sums up.