

Statement Of
Chief Deputy William L. King, Jr.
Special Committee on Aging

“876-SCAM: Jamaican Phone Fraud Targeting Seniors.”

March 13, 2013

Introduction

My name is Bill King and I am the Chief Deputy of the York County Sheriff’s Office in Maine. I want to thank Senators Collins and Nelson for inviting me to this hearing. Let me assure you that many law enforcement officers across the country share your concern about the fleecing of our elderly.

Initial Involvement

In late August 2011, relatives of 82-year-old Beatrice Boucher (Bea) contacted the sheriff’s office seeking assistance because their mother was paying money to collect a \$2.5 million dollars lottery and a brand new BMW. The more the family tried to gather details, the angrier Bea became. Her family could not convince her to stop making payments. The family reached out to federal and state authorities only to be told there was “...nothing they could do.” The exploitation continued. Their desperation reached its zenith when the scammers changed Bea’s telephone number¹ without her knowledge. This occurred shortly before a tornado went through Southern Maine and Bea’s family could not reach her to check on her well being – her scammers were the only ones with her new number. They used it to isolate her during a vulnerable time. Also, because of the fraudulent number change, the medical emergency alert service Bea subscribed to was rendered useless, leaving her at the mercy of the scammers.

After combing through Western Union and Money Gram receipts we determined that Bea wired approximately \$60,000 to various people in the United States. She justified it by saying the amount was miniscule compared to the prizes she was due.

We found that the vast majority of the calls to Bea were from the 876 area code, but many had odd numbers “000-000-0000” or a domestic number that did not appear real. With the help of FairPoint Communications² we learned how international scammers often use spoofing or Voice over Internet Protocol phone services to make calls from computers appear like they are coming from the United States.

¹ The provider was not FairPoint. The provider stated that somebody posed as Bea’s son and claimed she was getting harassing calls and needed the number changed immediately.

² FairPoint is one of the few telephone service providers with a full time security staff.

Bea's first payment was a \$750 processing fee to a woman who lived in New York. The scammer urged her to wire the money, giving her explicit instructions on how to use the Money Gram at her local Wal Mart, and even provided directions to Wal Mart³. The following day, the scammer called again and apologized that he had her send the money to the wrong "processor." The employee who was going to "process" her prize was in Minnesota, not New York. He persuaded Bea to send another \$750 to Minnesota, promising her the original \$750 would be returned. Later that day, the scammer called and apologized again. He said there was a huge error – he charged her a processing fee for the small prize – she won the "big" prize of \$25 million dollars. The bigger prize called for a heftier processing fee - \$2500. For months Bea paid these endless fees... taxes, registration for the vehicle, insurance, transportation....

Bea clung to her dream long after the York County Sheriff's Office got involved. But she did allow us to record the telephone calls from the scammers. The calls came from several people who worked in unison. They used various techniques, friendship, religion, romance, and threats. The persistent scammers were expert at overcoming objections, creating a fantasy and instilling a false sense of urgency.

Within five months, we found that Bea paid in excess of \$100,000⁴ to nine people in five different states. With the assistance of other police and sheriff's office's we were able to locate (and in most cases) interview all of the people who Bea sent money. The only person not located was a woman in New York City who had recently been convicted of criminal fraud.

We found that three of the recipients of Bea's money were victims themselves, who had become unwitting facilitators. They got their lost money back in small increments, and they felt useful since the scammers were telling them that they were helping other winners pay their processing fees.

Four of the individuals we interviewed had Jamaican ties. Two female recipients, who live in the same apartment building in Florida, hail from Jamaica, and one makes regular trips back home. We were not successful in getting local authorities to help us with those two women.

Ultimately, we identified 6 people in Jamaica who received Bea's money. One of those Jamaicans was returned to Jamaica after serving time in Minnesota State prison for murder.

Why so convincing?

³ We suspect that her scammers were using Google Earth because of the familiarity they had with the area she lived. They used this knowledge many times to convince her the lottery was real.

⁴ In addition to the original Western Union and Money Gram receipts, we found that she sent cash in magazines, and purchased Green Dot cards and provided the access codes for the scammers to empty the card.

It is easy to dismiss this crime because most people would not fall for it. And some police officers question if it rates as a crime at all because the victims are giving their money away. I think that reasoning is similar to blaming the rape victim for wearing the short skirt.

Psychologists will tell you that cognitive reasoning ability diminishes with age. I met a graduate of Yale who lost his business and his house to the lottery scam. He still believes he is due a prize and waits everyday for the oversize check, balloons and new BMW.

Years ago, United States telemarketing companies set up shop in Jamaica to take advantage of the inexpensive labor rate. They conducted telemarketing training sessions. They taught Jamaicans how to make cold calls, keep the person on the telephone, overcome objections, and create the fantasy. They learned how to take advantage of seniors who grew up in a time when it was impolite to hang up on somebody – they had to hear the “goodbye.”

The telemarketing training, coupled with the crackdown on drugs by Jamaican authorities, steered many drug organizations toward lottery scamming. And, according to Jamaican rapper Vybz Kartel, the young Jamaican culture dismisses scamming as “reparations” from Americans for past misdeeds.

The scammers even use technology to overcome objections from victims who become frustrated with the endless fees and start questioning their purported winnings. When a wealthy doctor with a second home overlooking Maine’s rocky coast expressed skepticism after receiving a call, the scammer directed him to a website, www.winnersbureau.com. There the doctor found his name beside an unclaimed \$2.5 million dollar lottery prize.

The reason for the fees seems plausible. Pre-paid taxes, processing fees, lawyer fees, are the most notable examples. Some scammers instruct the victim to purchase a Green Dot Card⁵ and put several hundred dollars on the card. The scammers explain that the 14-digit access number⁶ on the back of the card will serve as their personal identifier to claim the prizes when delivered.

Embarrassment is the scammer’s greatest ally. Many of the victims I’ve spoken with want nothing to do with law enforcement because they are embarrassed. Some scammers profess “love” for the victims and that ensures the fees keep coming. A widow in Maine exhausted her life savings of \$600,000 to a scammer who we believe feigned a romantic interest.

Federal Authorities

⁵ Green Dot is a pre-paid debit card.

⁶ On the back of each Green Dot Card, an opaque covering conceals the card’s individual number. Scammers are able to collect the funds deposited on the card by presenting only that number.

While the scammers were still contacting Bea, we sought assistance from the FBI, ICE, and the Postal Inspection Service. Nobody was interested, even though we had an opportunity to conduct a pro-active enforcement operation.

In early September 2012, the scammers demanded that Bea send money to two individuals in New Jersey. The sheriff's office wanted to conduct a "controlled delivery" of an Express Mail package to identify the facilitators that helped to bilk our victim out of her life savings. We believed that these two facilitators could identify the Jamaican scammers who were actually making the calls to Beatrice. Even with this unique opportunity, no federal agency was interested.

Postal Inspectors in Maine and New Jersey were not interested in the case and one inspector even told us that he was aware of the "suspicious financial transactions" being conducted by Bea. Nevertheless, they refused to pursue this prevalent crime.

Federal agents oftentimes do not have the benefit of citizen contacts and do not experience the devastation that a lottery scam can have on a family. They may not witness families being torn apart, or parents becoming a burden on an already struggling family. With federal resources focused elsewhere, protecting some of our most vulnerable citizens is a low priority.

The sheriff's office sent two detectives to New Jersey to interview a man who received approximately \$10,000 of Bea's money. We positively identified three people who we believe are complicit in the scam and the name of the Jamaican organizer who asked them to collect money from U. S. victims and forward it to him in Jamaica (allowing them to keep a percentage.)

Ready for prosecution

Absent a federal agency, we still felt that our investigation was at a stage where a prosecutor should get involved. Our local District Attorney quickly begged off because of the cost involved in bringing the U. S. co-conspirators to Maine for prosecution. And extraditing a foreign national for a lottery fraud was beyond the capability of her small county prosecutor's office.

We arranged a meeting with an investigator from the Department of Homeland Security and with two Assistant United States Attorneys (AUSA). All listened patiently but in the end, the DHS Agent stated he was not authorized to initiate a federal investigation (per his supervisor) and was only present for informational purposes. The lead AUSA stated that absent a federal law enforcement agency, the case would not progress.

We later learned that two attorneys from the U. S. Department of Consumer Protection were spearheading a federal task force with agents stationed in North Carolina. During late November, 2011, I visited with the two attorneys in Washington and provided them with the case file and also sent a copy to North Carolina. To date, no one has been charged, prosecuted or arrested.

More Cases

During our investigation of the Bea Boucher case, we learned about other cases. During our regular contact with FairPoint Communications, we learned that many senior citizens call FairPoint customer relations to complain about their bill. It was determined that many customers questioned the toll charges for calls made to Jamaica. Many victims thought that 876 was a “free” call, similar to “800” or “888”. FairPoint Communications took the additional step of sending the customers who’ve called 876 to security personnel.

FairPoint Security personnel soon realized that most, if not all of their customers who made calls to 876 were victims of the lottery scam. FairPoint even initiated a “scam sheet” to capture pertinent information about the scams. They began forwarding these scam sheets to the sheriff’s office.

Within a few weeks, we stopped the victimization of several dozen people who did not realize they were being scammed. I wrote an article about Bea’s involvement with the Jamaican scammers and FairPoint distributed it to family members of victims and the victims themselves. The activities of the scammers were similar and many victims identified themselves with Bea’s story.

It was clear that we could not arrest our way out of this crime – so the sheriff’s office took the lead and commenced an educational campaign with our corporate partner, FairPoint Communications.

Educational Campaign

On May 2-4, 2012, a local news station did a three part series on the Jamaican Lottery Scams. The last day of the series allowed for viewers to call in to the station to report scams that may not be known to law enforcement. Members of the sheriff’s office, state police, state and private senior groups manned the telephones and took 38 calls from citizens reporting suspected victims of the Lottery Scams. More important, 105 calls were terminated (unanswered) at the end of the show. All callers were urged to call their local authorities.

The news show generated interest in the lottery scams and the sheriff’s office became subject matter experts on the crime. Meanwhile, FairPoint Communications continued to identify several victims each week from Maine, New Hampshire, and Vermont. In a seven month period of time, FairPoint identified approximately 186 victims from Maine, New Hampshire, and Vermont⁷. It was clear that we needed a more extensive educational campaign to warn our elderly.

We organized news conferences in Maine, New Hampshire and Vermont. We also shot a Public Service Announcement and sponsored a website www.bewareof876.com. The

⁷ FairPoint is a provider for landline telephones in Maine, New Hampshire and Vermont.

website provided all citizens with access to information about the scam. It proved to be a blessing and a curse.

FairPoint received many contacts as a result of the website, and all callers were urged to contact their local authorities. However, some expressed frustration at the lack of interest by law enforcement and FairPoint urged them to contact the sheriff's office. As a result, I've spoken to dozens of victims and their families about this scam. The calls came from 20 different states. All callers expressed frustration with the lack of attention they received from law enforcement at all levels.

Complexity of the Scam

I can certainly understand a local police agency shying away from this type of investigation. It is complex, time consuming, and can drain an agencies' resources. Our unofficial estimate is that the average victim loses around \$70,000.

For most victims, after losing several thousand dollars, they start balking at the additional fees. Some of the tactics we have seen are:

Anger

The scammer will tell the victim that they will "lose" the fees they already paid if they stop paying these required fees. The scammer may also blame the U. S. Government for raising the taxes on the lottery winnings, something that is out of their control.

Emotion

The scammer may remind the victim that she or he initially needed the lottery winnings to help out a son, or daughter. Many victims confide in their personal challenges during the initial phase of the scam and the scammer will play on the victim's emotions by reminding them of the needs of their family.

Threats

In some cases the scammers have resorted to threats if the senior becomes reluctant to continue the payments. Using Google Earth, they will describe the senior's house and say they are "out front" and will harm them if a payment is not received. There are many variations to the threats, we had one case in which the scammer told the victim that he used the money they sent for drugs and now the police think they are involved in drugs.

Introduce a second scammer

The second scammer may try a different approach. Oftentimes, the second scammer is a member of the opposite sex and claims they are romantically interested in the victim.

The scammer was a crook!

If the victim seems adamant to stop, the scammer will stop calling. Then, a second scammer will call and feign ignorance of the fees already paid. The second scammer will say they were doing a routine audit and found a lottery check with their name on it and a car in the back lot and will question the victim as to why they haven't claimed their prize.

When the victim explains the fees they have already paid, the "surprised" scammer informs the victim that they should not have paid any money and that the employee who solicited the funds is a crook, and has since been fired by the lottery company.

The second scammer will then offer to get the prize distribution "back on track" for a one-time fee. Oftentimes, the second scammer will explain that the FBI is investigating and may call for additional details – then the victim will get a call from a scammer posing as an FBI agent who "verifies" that the company fired scammer #1.

An "IRS agent" may also call to explain that the additional fees are necessary to process the amount because of the delay from them collecting (understanding that it was through no fault of their own).

Checks

The scammer may promise a return of their money if they send a check to another person who works for the company. In the cases we have seen, the senior no longer has money in their checking account (or very little) and sends off a check to another victim in anticipation of a deposit.

The check sender is told that their check will contain the routing number and bank account information so the company will be able to make a direct deposit into their account. For security reasons, the sender is told to make the check out for thousands of dollars.

The check receiver may be told two things:

- The check is from another person who wants to assist the receiver with paying the remaining fees to collect the lottery winnings. Once the winnings are received, the winner needs to reimburse the sender of the check. The receiver is told to deposit the check and either wire the money⁸ or purchase Green Dot Cards in that amount and provide the access code numbers.

- The check is the initial reimbursement. The receiver is told to deposit the check and they will be allowed to keep the majority of it but they need to wire some funds (usually a few hundred dollars) or purchase some Green Dot Cards and provide the access codes.

⁸ Western Union or Money Gram

Either way, the check bounces, the maker is assessed fees for writing a fraudulent check, and the receiver is assessed fees for depositing a check with insufficient funds. Everybody pays and the scammer makes hundreds of dollars.

Unsolicited Visits

Once the victim stops, some scammers will call neighbors posing as distant relatives of the scam victim. The Jamaican scammer will convince the neighbor to bring their telephone next door so they may speak with the victim. Or they will ask the neighbor to simply deliver a message asking the victim to call them at 876-xxx-xxxx.

Scammers have contacted cab companies, sending the drivers to the victim's address with messages. An electrician in Maine was contacted by a scammer posing as a local landlord and told that the "tenant was having electrical problems." Not finding anybody at the residence, the electrician called the homeowner at 876-xxx-xxxx. The Jamaican scammer told the electrician to force his way into the house and check the fuse box. The electrician refused and contacted authorities.

As Kim testified, the scammers contacted the local police department and asked them to check on the well being of her father after Kim worked diligently to separate him from the scammers.

Statistics

Many people have asked me how many victims are there, and how much money have they lost. All good questions. The challenge is that we do not know how widespread this scam is. There is no central repository for this information. No one has taken the lead role in this challenge. Every law enforcement officer knows that DEA handles big drug cases, the FBI handles counter terrorism, and Illegal Immigration is handled by ICE. Where to go for this scam is not clear. One police officer I spoke with from California was told by an FBI agent that JOLT (Jamaican Organized Links to Telemarketing) task force has been dismantled. Many other police officers share in my frustration that our federal counterparts are not devoting the needed resources to address this problem.

The original case, if you recall, had our victim sending money to nine different people in five different states. Each case is similarly complex. After I appeared at a senior center with Senator Collins, a woman from Maine (I will call Nicole) contacted me asking me for assistance. She believed her father, who resides in Florida, was involved in the Jamaican Lottery scam and provided me with details. I spoke with her father on the telephone and he admitted that he was paying fees in pursuit of a lottery. I urged Nicole to conduct an "intervention" with her father, other family members and his health care providers and extricate him from the scammer's control.

Nicole immediately changed her father's telephone numbers and stayed with him for about a week. She temporarily relocated him to ensure he did not receive unsolicited visits from cab drivers, electricians, or neighbors.

She called me with a myriad of numbers, notes, receipts, etc. all very similar to Bea's case. During the evening hours, I contacted several of the people this man had been sending money to and discovered a similar network of other victims who had become facilitators. I left messages on telephones urging them to contact me in my office.

The following day, I received a call from a scammer! He was looking for Nicole's father! I played along for a while and explained that Nicole's dad was in the hospital. He asked what hospital, where, etc.

Finally, he told me that he just received permission from his supervisor that allowed him to give me the lottery winnings! He started in soliciting the processing fees. I explained that I did not have any money but together we discussed innovative ways for me to raise the money to include selling my prescription medication to raise the needed funds.

Closing

Investigating international lottery scams is not the job for local law enforcement. I share in the victim's (and their families') frustration when police agencies do not initiate investigations. I also share the police agencies' concerns about their lack of resources and limited jurisdiction to address this policing challenge.

I do not think we can place the blame of this scourge solely on Jamaica's doorstep. There are hundreds of facilitators in the United States who are complicit in this scam and if not for them, this scam would not continue to flourish. We have the technology to capture and disseminate criminal information in this country. A Pen Link system, administered by a federal agency, could be used as a pointer system for local agencies to access, connecting specific scammers with victims across the country. It could also be used as an alert system to identify scammer's telephone numbers – which would assist our Jamaican counterparts identify the criminals in their country.

We also need to urge companies like Western Union, Money Gram, and Green Dot to continue to be diligent with their security measures. Similarly, big box, drug stores and banks should train their employees to be on the lookout for seniors who appear to be in a hurry, wiring money or purchasing several Green Dot cards at one time.

This is not just a financial crime. This crime tears families apart. Many seniors require help from their children, or are forced into public housing after their financial devastation. More important, the stress caused by the scam accelerates their life cycle. I've recently been asked by several news outlets to contact former victims to ascertain if they would like to tell their stories. I realized it may be challenging because so many have changed their telephone numbers, I was surprised to find that many had moved. I was also saddened to find that several passed away and others, who were vibrant before the exploitation, are now experiencing medical issues that I believe may have been accelerated with the additional stress.

As we are gathered here today, there is a victim traveling to a Western Union Store to wire money that will eventually land in Jamaica. There is a family who will soon have an unexpected financial burden placed upon them because a loved one was victimized by lottery scammers. And this will continue until a federal agency takes the lead role in this fight and devotes the needed resources to combat it effectively, in collaboration with local authorities who are usually the first to be contacted.

Since Senator Collins' public interest in this matter was publicized, I have seen a flurry of activities by my federal counterparts and I am very appreciative of that. I also want to recognize the many Western Union, Wal Mart, and banking employees who have taken the time to talk with seniors and advise them that they may be victims of a scam. I've found some employees who have thwarted scamming before it happens by contacting family members of potential victims. One of the saved victims happens to be my father who was trying to send money abroad to keep my son out of jail. My son was safe and sound in Florida.

Thank you very much for this opportunity.