

Australians are favourite crypto patsies for scam kingpins in Israel

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Dave Murray – The Australian newspaper

Australians are among the primary targets of vast cryptocurrency investment scams being run out of call centres in Serbia and across eastern Europe.

Dramatic police raids of call centres, offices and residences in Belgrade, Bulgaria and Cyprus, following investigations in Germany, have uncovered evidence Australia is in the top tier of countries being targeted.

The Australian can also reveal the sophisticated network busted in the raids is among many global investment scams linked to individuals in Israel, where suspected kingpins live a life of ultra luxury.

Australia's wealth combined with a long history of state and federal authorities being unwilling or unable to investigate online investment fraud has made the country a sitting duck for the international crime syndicates behind the scams.

That's according to private investigation firms working to trace or recoup losses for victims, who say investigations stall whenever cases go across local or international borders.

Last month, heavily armed police stormed four Serbian call centres and 11 residences in a co-ordinated day of action that also involved authorities from Bulgaria, Cyprus and Germany.

Fourteen people were arrested in Serbia and one in Germany, and hardware wallets with about \$US1m (\$1.46m) in cryptocurrencies were seized, Europol announced at the time.

Advertisements on social media networks such as Facebook lured victims to websites offering seemingly lucrative opportunities to invest in cryptocurrencies.

In reality, crime syndicates were covertly operating the sites and stealing funds that victims thought they'd invested in crypto.

Victims would typically put in only hundreds of dollars at first, before being persuaded to part with bigger sums by being shown fake profits.

German victims lost at least €2m (\$3.1m), while other victims were traced to Australia, Canada and Switzerland.

Europol says unreported cases are likely to be much higher, and total losses connected to the scams "may be in the hundreds of millions of euros".

Oliver Hoffmann, head of the police economic crime unit for the German state of Baden-Württemberg, said the raided Serbian call centres were operating a total of about 200 desks.

"They had a very clever system where the callers were put in different shifts," Mr Hoffmann told The Australian.

"Then they started their business, sometimes late for Canada and sometimes early for Australia."

Footage from one of the Serbian police call centre raids shows a professional open-plan office with a series of clocks on the wall set to the time of cities around the world. In Bulgaria, police raided a company responsible for producing software used in the scams.

“They’re using this specific software where clients can falsify the value of accounts that customers have,” Mr Hoffmann said.

The German investigation started in July with a single case involving the loss of €80,000.

“We have a very ambitious and engaged investigator that took up that case and built it up,” he said.

The Australian has confirmed it’s one of many scams that appear to be linked to individuals in Israel.

Australians who fall victim to scams sometimes turn to private investigators in the hope of tracking or recovering stolen funds after getting nowhere with police.

Senior investigator Mark Solomons, from IFW Global private investigations, says the firm has traced many of the scams it is investigating to Israel. “There are Israelis getting very, very rich by ripping off Australians and sucking superannuation and retirement savings out of the Australian economy,” Mr Solomons said.

“We’re talking about various individuals who fly around in private jets, who have very significant assets, real estate, fancy cars, cash. They are travelling freely around the world, they’re buying yachts.”

Australia was currently “the number one target” of investment scammers, he said.

“Australia and Canada vie for the top spot. They are rich countries with a low likelihood of a disciplined investigation or detection.

“And Australians are quite friendly and open-minded by nature, they will form friendships with people online if you press the right buttons.”

IFW’s investigations have led it, via call centres in Serbia, Bulgaria and Ukraine, to almost industrial-scale operations that were ultimately masterminded by Israelis.

“It’s not just managing the call centres, it’s the software development, the money laundering, the marketing that generates the leads that generate the calls to the victims. It’s a very sophisticated multi-layered industry, run out of Israel,” Mr Solomons said.

Jurisdictional issues were among the leading problems investigating the crime type in Australia, he said.

“Australia is lagging behind other well-resourced jurisdictions in this area – it just does not have the policies or the will in this area,” he said. “Investigations die at the state border or the national border most of the time, and the scammers know this.”

Dan Halpin, chief executive of private investigation firm CyberTrace, said he believed there needed to be an independent inquiry into the failure of police to adapt to the rise of cyber crime.

“In our experience it is mostly the state police that are the issue. The AFP are being let down by the lack of investigation by state police,” Mr Halpin said.

“State cyber crime units have the capability but they’re overwhelmed. They just don’t have enough resources, and a lot of the crimes don’t get to them because they’re being shut down at local police stations. Police won’t investigate them, it’s a real issue.”

Australians lost an estimated \$2bn to scams in 2021, the Australian Competition and Consumer Commission reported. Losses last year were expected to double.

The 2023 Crypto Crime Report, released this month by US blockchain analysis firm Chainalysis, states Australia and parts of South America were “hardest hit” by investment scams.

The AFP confirmed on Thursday it had provided evidence to Serbian authorities to assist with their investigation.

“The AFP has conducted a number of investigations, targeted operations and awareness campaigns to protect Australians,” a spokesman said.

An AFP-led joint policing co-ordination centre had been set up in Sydney “to work with business, banks, industry and other law enforcement agencies to tackle this global crime”.