



# FRAUD & COUNTERFEITING IN NIGERIA

Paper by  
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THE AFRICAN EXPERIENCE



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- ▶ *The views expressed in this presentation are solely those of the speaker and do not necessarily represent the views of the Economic & Financial Crimes Commission or any component or other officer thereof*





# Outline

- ▶ INTRODUCTION
  - ▶ TRENDS
  - ▶ CURRENT BEST PRACTICES
  - ▶ CHALLENGES
  - ▶ MOVING FORWARD
- 



# Introduction

- ▶ Criminal practice of deception to obtain money, goods or service has always existed in all human community
  
- ▶ Forgery of business and government documents, and counterfeiting of currency/monetary instruments are essential ingredients of advance fee fraud scams





# Introduction

Advance Fee Fraud & Other Fraud Related Offences Act (2006)

- ▶ ‘Document – includes letters, maps, plans, drawings, photographs and also includes letters .... And further includes document transmitted through fax or telex machine or any other electronic or electrical devices, a telegram and a computer printout.’ Section 20
- ▶ ‘Monetary instrument means coin or currency of Nigeria or of any other country, traveller’s cheque, personal cheque, bank cheque, money order, investment security in bearer form....’ Section 6 (e)
- ▶ Sec. 1(a) (b) proscribes obtaining property by false pretences and provides 7–20 years prison term
- ▶ Sec. 2 (a) (b) proscribes production, washing, dipping or treating paper and printing currency notes by unauthorized persons



# Introduction

## Miscellaneous Offences Act 1983

- ▶ Section 2 proscribes forging of cheques, promissory notes or other negotiable instruments and provides a term of imprisonment not exceeding 21 years, without option of fine for related offences





# Introduction

- ▶ Overall impact on the state
  - Threat to national economy, commerce and political stability
  - Increases cost and undermines consumer trust & confidence in financial institutions
  - Negative national reputation
  - Impacts business brands





# Introduction

- Affects integrity of all official government documents
- Great financial and emotional cost to victims – local and foreign
- Loss of foreign direct investment
- Fuels organized crime (human trafficking, identity theft, AFF etc)
- Impacts e-commerce





# Introduction

- ▶ Circulation and export of forged documents and counterfeit monetary instruments exploded in late 90s in furtherance of AFF scams to:
  - Induce victims to deliver property
  - Appeal to authority & trust
  - Provides illusion of financial benefit and receipt of large reward with little cost
  - Blackmail victims at terminating stage of scams





# Introduction

- ▶ Counterfeit court, government & business documents are used in lottery, inheritance, charity, romance, crude oil, fund transfer, employment, contract scams etc
- ▶ Counterfeit monetary instruments are used in e-commerce & reshipment scams
- ▶ Counterfeit currencies (mostly US dollars) are used in black money, fund transfer & inheritance scams





# Introduction

- ▶ Counterfeit local cheques and dividend warrants are used in bank fraud and capital market scams targeting Nigerian victims
  
- ▶ Counterfeit identity documents are used in:
  - Human trafficking
  - Processing visas and residence permits
  - Sham marriages
  - Identity fraud
  - Opening of fraudulent bank accounts and money laundering
  - Pick up of fraud related money transfers



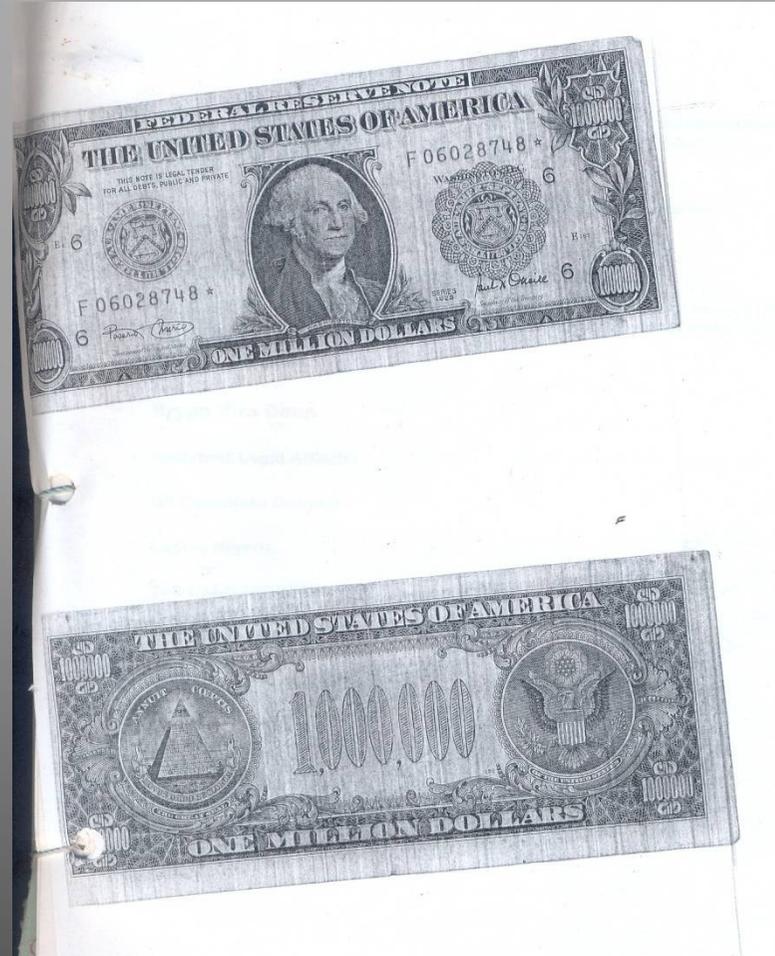
# Trends

- They are manufactured in commercial quantity on order by legitimate printing presses in Lagos using lithographic machines
- Quality is increasingly getting better
- Users are versatile in social engineering
- Counterfeit monetary instruments are exported to
  - Individual victims
  - Reshippers, foreign distributors and other accomplices



# Trends - The foolish

- ▶ \$1 million note
- ▶ Taken to a bank in Lagos to open an account









# Trends – postal money orders

USPIS



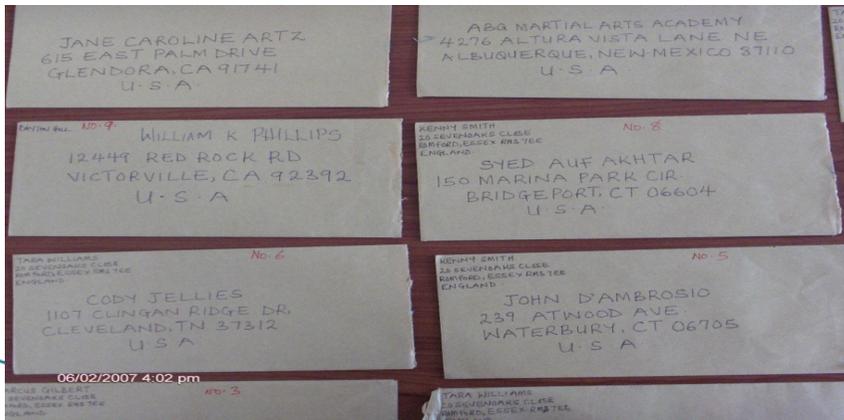
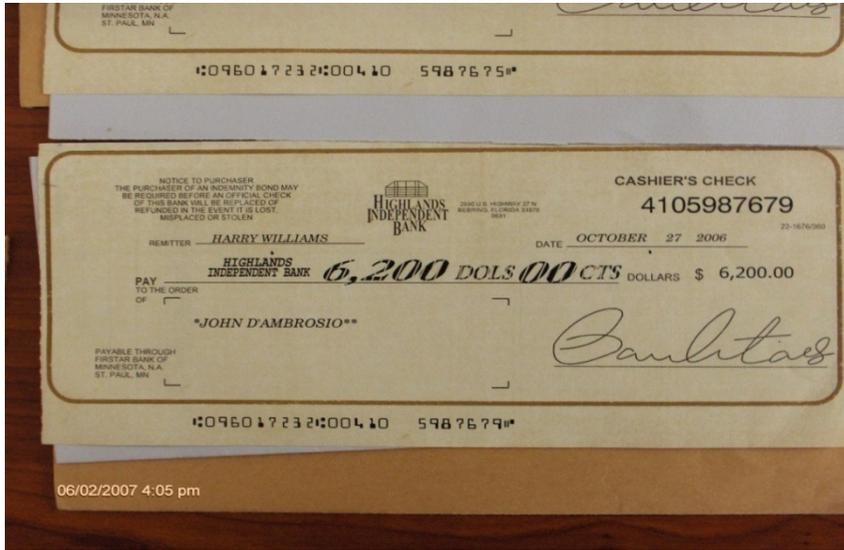


# Trends – postal money orders





# Trend - cashier cheques





# Trend – cashier cheques



# Trends – counterfeit currency





# Trends – fake airline tickets



# Trends – identity documents



# Trends - obtaining goods



- ▶ Two minors arrested for fraudulently obtaining 2 desktops in an online scam with fake cheques

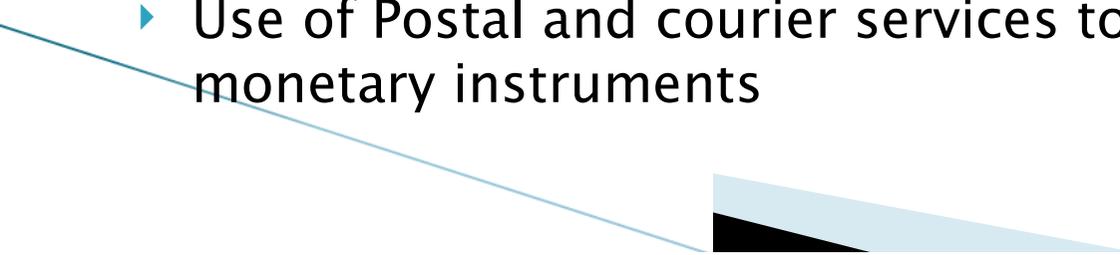
# Trends - counterfeit currency





# Trends

- ▶ Arrest of bulk smugglers at airports and land borders en route other West African countries, South Africa, UAE, UK & USA
- ▶ Adoption of narcotics smuggling styles by mules
- Use of foreign mules to smuggle counterfeit financial instruments overseas – counter strategy against interdiction of Nigerians at land borders and airports
- ▶ Use of Postal and courier services to export counterfeit monetary instruments

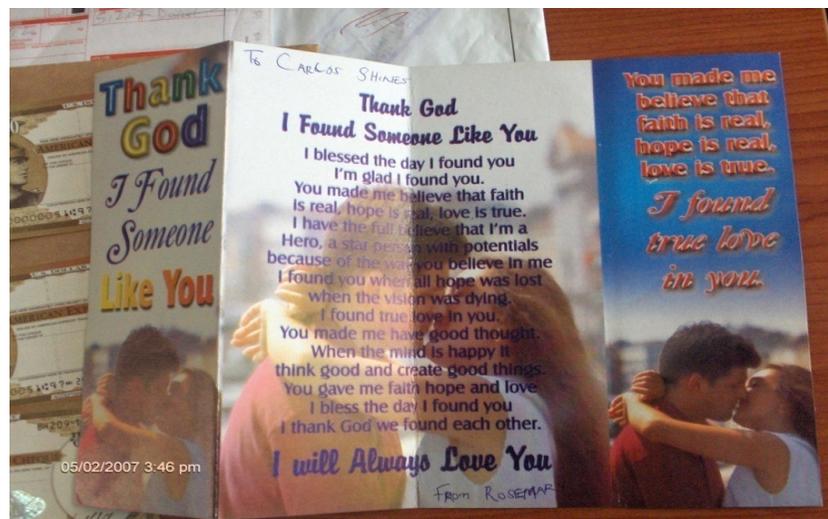


# Trends – concealment



- ▶ Suspect arrested at MMIA, Lagos with 500 fake cheques while about to board a flight to Dubai.

# Trends – concealment



# Trends - concealment



# Trends – concealment





# Trends – concealment



# TRENDS – foreign mule



- ▶ Sharon Thorpe. American Citizen. North Carolina resident
- ▶ Invited by Nigerian boyfriend to 'visit' Lagos in December 2009
- ▶ Arrested in February 2010 at Lagos airport while boarding Qatar airways flight to DC through Doha
- ▶ Had about \$700, 000 worth of counterfeit financial instruments
- ▶ Convicted to 2 years imprisonment



# Current best practices

- Vigorous prosecution of AFF cases. Between May 2003 and November 2010 the Lagos AFF Section of EFCC has:
  - Arraigned 490 cases
  - Convicted 256 cases (17 cases discharged)
  - Extradited 2 fugitives to the United States





# Current best practices

## Operation 'Octopus' September 2005

(Oluwole Lagos counterfeit document center)

- ▶ Disrupt the production and supply of counterfeit financial instruments and identity documents
- ▶ Joint operation involved Officers from the Nigeria Police, Department of State Security Services, Customs and Immigration Services
- ▶ 19 cases that arose from the operation have since been successfully concluded at Federal High Court Kaduna, while all the suspects were convicted to various jail terms.



# Operation 'Octopus'





# Operation 'Octopus'





# Operation 'Octopus'





# Current best practices

- ▶ Collaboration with industry (Nigeria Postal Service & all courier companies) to disrupt activities
  - Interdiction of out-going and
  - controlled delivery of in-coming fraudulent packages



# Current best practices



- ▶ Bike John Niye a.k.a. 'Toby Encore'
- ▶ Falsely represented himself as a white expatriate to a married lady in Indiana
- ▶ Victim abandoned her family and stuffed a blackberry phone and cash sum of \$40, 020 in a teddy bear which was sent to the suspect in Lagos
- ▶ Suspect arrested in a controlled delivery operation



# Current best practices

Operation 'Stop Payment' (July – August 2007)

▶ 15, 129 counterfeit cheques (6, 948 blank)

▶ Value

- \$145, 969, 065. 36
- € 211, 077, 218. 00
- £ 2, 054, 947, 00
- Can\$120, 450. 00
- Cash \$13, 700. 00



# Current best practices

- ▶ Total packages – 6,895 (Blank cheques –5,972)

- ▶ Value –

- \$ 46, 023,322
- £ 13, 263, 579
- € 14, 961,054

- ▶ Cash – \$77,800

- ▶ International Passports – 38

- ▶ Drivers licenses – 47

- ▶ Scam letters –1,058

- ▶ ATM Cards – 5

- ▶ Total packages – 4,892

- ▶ Value –

- \$ 147, 096, 245
- £ 3, 492, 039
- € 4, 030, 254

- ▶ Cash \$14, 400

- ▶ International Passport – 5

- ▶ Drivers license – 1

- ▶ Scam letters – 2,582

ATM cards – 10

POSTAL SEIZURES (JAN – DEC.  
2009)

POSTAL SEIZURES (JAN – NOV.  
2010)



# Challenges

- ▶ Intelligence gaps on true identity and addresses of perpetrator
- ▶ Collusion of postal agents & border control staff
- ▶ Lack of resources to conduct controlled delivery of outward bound consignment to locate major foreign accomplices
- ▶ Inadequate regional law enforcement collaboration on information sharing





# Challenges

- ▶ Lack of lawful electronic interception legislation and mobile telephone tracking technology
- ▶ Lack of capacity to conduct forensic analysis of print paper and ink in recovered exhibit and trace source
- ▶ Inadequate victim education





# Challenges

- ▶ Addressing consumer myths:
  - All websites are legitimate
  - There is shortcut to wealth
  - All companies are legitimate because they are registered by government
  - Scams always involve large amount of money
  - Identity compromise is safer than monetary loss





# Moving forward

- ▶ Vigorous international LE collaboration in the West African sub-region and with other key Countries
- ▶ Engage industry (printers & postal services) in prevention, disruption and public education processes
- ▶ Build capacity of investigators, forensic analysts, prosecutors and judges





# Moving forward

- ▶ Review current cheque clearing process in some jurisdictions to ensure that value is not given until status of cheque is verified
- ▶ Conduct threat assessment on the scope of the problem





# Moving forward

- ▶ Urgent need to create a national identity security strategy
  - document issuing agencies – registries of birth, marriage & death, passport office, national identity card, drivers license
  - document verification service hub
  - querying agencies – embassies, banks, regulatory & law enforcement agencies, employers, courts, traffic control, educational institutions, criminal registries





# Moving forward

- ▶ Close current intelligence gap on the manufacturing locales and identity of prominent exporters of counterfeit financial instruments
- ▶ Create national and regional criminal databases
- ▶ Cultivation and reinforcement of corporate and individual integrity within the regional LE community





# QUESTIONS ?

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