

Topic III: Changes in Modus Operandi of Special Frauds and Efforts of the Police

(1) Present Situation of Special Frauds

Special frauds are classified into remittance frauds (“hey it’s me” fraud, billing fraud, advance-fee loan fraud and refund fraud) and non-remittance frauds. These frauds are committed in an organized manner: with the criminal group’s leader and its core members playing key roles, “caller”, who makes phone calls repeatedly and deceives the victim, and “collector”, who comes to the victim’s home or other locations to collect the cash, etc. and such players taking parts. The police analyze the modus operandi of the frauds and the actual situation of damage. Based on the analysis, the police make efforts to arrest criminal groups and also promote measures to prevent future damage.

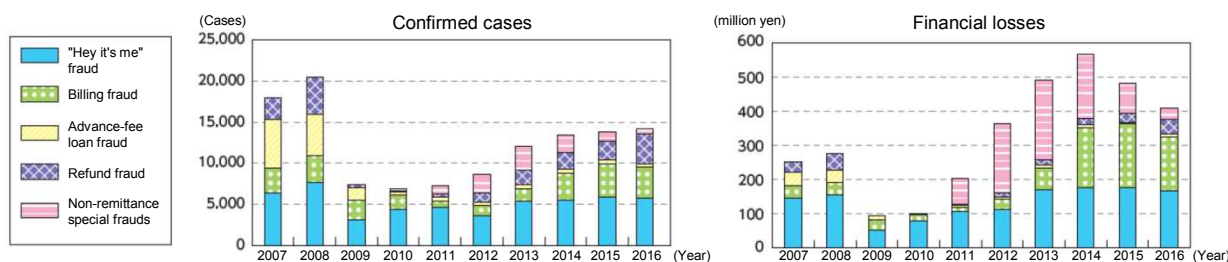
1) Current Situation of Special Frauds

The total losses of all special fraud cases decreased from the previous year in 2016, however, the number of confirmed cases increased from the previous year. In 2016, the number of cleared cases was 4,471, which was the largest since 2011 and the number of persons arrested was 2,369, which was the second largest after the record high reached in 2015. In addition, among the persons arrested in 2016, the number of Boryokudan members accounted for 26.3% of all persons arrested for special frauds. The number suggests that special frauds serve as one of the financial resources for criminal organizations including Boryokudan.

2) Special Frauds Targeting the Elderly

The elderly are a target for special frauds. The number of persons aged 65 and over accounted for 78.2% of all victims of special frauds in 2016, with particularly high proportions in the “hey it’s me” fraud (95.9%), refund fraud (93.1%) and financial instrument fraud (89.6%).

Changes in the Situation of Special Frauds (2007 to 2016)



Classification	Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total number of confirmed special fraud cases (cases)		17,930	20,481	7,340	6,888	7,216	8,693	11,998	13,392	13,824	14,154
"hey it's me" fraud		6,430	7,615	3,057	4,418	4,656	3,634	5,396	5,557	5,828	5,753
Billing fraud		3,007	3,253	2,493	1,774	756	1,177	1,522	3,180	4,097	3,742
Advance-fee loan fraud		5,922	5,074	1,491	362	525	404	469	591	440	428
Refund fraud		2,571	4,539	299	83	296	1,133	1,817	1,928	2,376	3,682
Non-remittance special frauds		—	—	—	251	983	2,345	2,794	2,136	1,083	549
Total amount of financial losses caused by special frauds (100million yen)		251.4	275.9	95.8	112.5	204.0	364.4	489.5	565.5	482.0	407.7
"hey it's me" fraud		145.3	155.2	52.0	79.2	107.1	112.0	171.3	174.9	175.1	167.1
Billing fraud		37.7	35.9	31.8	17.5	10.4	30.1	63.4	175.8	187.5	158.3
Advance-fee loan fraud		38.6	37.5	9.5	3.4	7.2	7.0	7.1	9.1	5.6	7.0
Refund fraud		29.9	47.4	2.4	0.7	2.5	11.3	16.9	19.9	25.5	42.6
Non-remittance special frauds		—	—	—	11.6	76.9	204.0	230.8	185.7	88.3	32.6
Total number of cleared special fraud cases (cases)		3,079	4,400	5,669	5,189	2,556	2,990	3,419	3,252	4,112	4,471
Remittance frauds		3,079	4,400	5,669	5,189	2,419	2,313	2,519	2,351	3,555	3,914
Non-remittance special frauds		—	—	—	—	137	677	900	901	557	557
Total number of persons arrested by committing special frauds (persons)		454	699	955	686	923	1,523	1,774	1,985	2,506	2,369
Remittance frauds		454	699	955	686	775	1,028	1,213	1,486	2,080	2,165
Non-remittance special frauds		—	—	—	—	148	495	561	499	426	204

Note 1: Concerning non-remittance special frauds, the numbers of confirmed cases and total losses were aggregated from February 2010; the number of cleared cases and the number of persons arrested were aggregated from January 2011.
 2: The reason why the total losses caused by special frauds for each year is different from the total of the breakdown amounts is because any fractional amount less than one million yen of the amount of losses of each year is disregarded.

(2) Modus Operandi of Recent Crimes

Including the “hey it’s me” fraud which started to occur frequently in May 2003, the number of confirmed cases of remittance frauds has remained high since 2004; however, it decreased to about one-third of the 2004 level in 2009. Since around 2010, non-remittance frauds such as financial instrument frauds have been occurring frequently, and they have been on a decreasing trend since 2014. On the other hand, the number of remittance frauds have been rising again since 2012.

Special frauds are becoming ever more sophisticated by criminal groups using various cunning means to disguise their frauds such as deceiving elderly people with topics that are familiar and interesting to them, for example, the right of admission to care facilities and medical expenses, and several callers taking turns calling the victim to avoid being identified as fraud.

The modus operandi of special frauds in 2016 were as follows:

1) Increased Occurrence of Refund Frauds and Frequent Occurrence of “Hey it’s me” Frauds

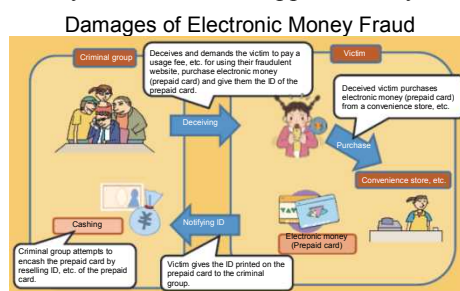
Of all special frauds, the number of confirmed cases of refund frauds was 3,682 (an increase of 1,306 (55.0%) from the previous year) and the amount of total losses was approximately 4.26 billion yen (an increase of 1.71 billion yen (67.3%) from the previous year), both increasing significantly from the previous year. In many of these cases, victims were told to use unstaffed ATMs so that they are not approached by the staff of financial institutions.

In addition, the number of confirmed cases of “hey it’s me” fraud was 5,753 (a decrease of 75 (1.3%) from the previous year) and the amount of damage was approximately 16.71 billion yen (a decrease of 0.79 billion yen (4.5%) from the previous year). Although both of these levels decreased, they still account for approximately 40% of all special frauds, the highest levels in terms of modus operandi.

2) Electronic Money Fraud

Regarding the number of confirmed cases and the amount of total losses by type of delivery, both the “cash handover type”, in which the victim hands over cash directly to the criminal who comes to the victim’s home or other locations to collect it and the “cash delivery type”, in which the victim sends cash by delivery services have decreased from the previous year.

However, cases where a fraudulent website charges the victim a usage fee, demands the victim to purchase electronic money (prepaid card) from a convenience store, asks the victim to provide the ID of the prepaid card purchased and swindles the face value of the prepaid card (right of use) have been increasing.



(3) Efforts of the Police

1) Promotion of Enforcement

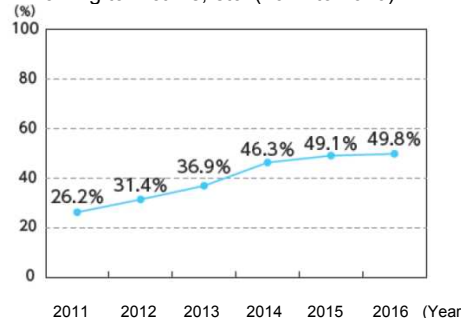
In addition to exposing footholds of criminal groups and setting criminals up for a Pretend-to-be-deceived operation, the police are promoting enforcement on criminal acts that facilitate special frauds, such as illicit use of mobile phones, and arrests of vicious rental mobile phone operators to prevent mobile phones, etc. under a fictitious name or another person’s name from being handled by criminal groups.

2) Public-Private Sector Partnership in Advancing Crime Prevention Activities

The police actively disseminate information on the modus operandi of crimes and on precautions against being deceived. Especially for the elderly, the police promote crime prevention activities so that alerts and warnings will be made through various media and staff members of private call centers.

To prevent losses of special frauds from being withdrawn or remitted by deception, the police, cooperating with financial institutions, are encouraging the staff of financial institutions to speak to their customers and are also requesting mail and delivery services and convenience stores to report to the police when finding any suspicious parcel that may contain losses derived from frauds. In 2016, 13,139 cases and losses amounting to about 18.86 billion yen were prevented through these efforts.

Changes in the Rate of Special Frauds Prevented (Note) by Talking to Victims, etc. (2011 to 2016)



Note: Percentages obtained by dividing the number of prevented cases by the confirmed cases (committed cases) added with the number of prevented cases

[Column] Disabling Landline Phones Used in Crimes

The police promote measures to prevent landline phones from being used in special frauds, such as by sharing information on any illicit use of landline phones by criminal groups with telecommunications carriers. For example, the Metropolitan Police Department provided the telephone numbers that were used wrongfully in special frauds to a telecommunications carrier. In December 2016, the telecommunications carrier cancelled approximately 5,900 landline phone numbers that they had provided to another telecommunications carrier in Tokyo.